



SPECIAL MEETING OF THE MILPITAS CITY COUNCIL

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE MILPITAS CITY COUNCIL
HAS BEEN SCHEDULED FOR TUESDAY, JANUARY 29, 2019 AT 6:00 PM
AT THE BARBARA LEE SENIOR CENTER
40 N. MILPITAS BLVD., MILPITAS, CA IN ROOMS 140/141.

For assistance in the following languages, you may call:

Đối với Việt Nam, gọi 408-586-3122

Para sa Tagalog, tumawag sa 408-586-3051

Para español, llame 408-586-3232

AGENDA

TUESDAY, JANUARY 29, 2019

**40 N. MILPITAS BOULEVARD, MILPITAS, CA
6:00 P.M.**

- I. CALL MEETING TO ORDER by Mayor and ROLL CALL by City Clerk**
- II. PLEDGE OF ALLEGIANCE**
- III. ANNOUNCEMENT OF CONFLICT OF INTEREST**
- IV. APPROVAL OF AGENDA**
- V. FISCAL YEAR 2019-20 BUDGET STUDY SESSION**
- VI. PUBLIC FORUM**

Those in the audience are invited to address City Council on any subject not on tonight's agenda. Speakers must come to the podium, state their name and city of residence for the Clerk and limit spoken remarks to 3 minutes. As an item not listed on the agenda, no response is required from City staff nor Council and no action can be taken. Council may instruct the City Manager to place the item on a future meeting agenda.

- VII. ADJOURNMENT**

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and the City operations are open to the people's review.

For more information on your rights under the Open Government Ordinance or to report a violation, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035
e-mail: cdiaz@ci.milpitas.ca.gov / Phone: 408-586-3040

The Open Government Ordinance is codified in the Milpitas Municipal Code as Title I Chapter 310 and is available online at the City's website www.ci.milpitas.ca.gov by selecting the Milpitas Municipal Code link.

Materials related to an item on this agenda submitted to the City Council after initial distribution of the agenda packet are available for public inspection at the City Clerk's office at Milpitas City Hall, 3rd floor 455 E. Calaveras Blvd., Milpitas and on the City website. All City Council agendas and related materials can be viewed online here: www.ci.milpitas.ca.gov/government/council/agenda_minutes.asp (select meeting date)

APPLY TO SERVE ON A CITY COMMISSION

Commission application forms are available online at www.ci.milpitas.ca.gov or at Milpitas City Hall. Contact the City Clerk's office at 408-586-3003 for more information.

If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, please call the City Clerk at 408-586-3001 or send an e-mail to mlavelle@ci.milpitas.ca.gov prior to the meeting. You may request a larger font agenda or arrange for mobility assistance. For hearing assistance, headsets are available in the City Council Chambers for all meetings.

Backup material for agenda item:

Fiscal Year 2019-20 Budget Study Session

Ashwini Kantak, Assistant City Manager (408) 586-3053

Recommendation:

Fiscal Year 2019-20 Budget Study Session



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Fiscal Year 2019-20 Budget Study Session
Category:	Presentations
Meeting Date:	1/29/2019
Staff Contact:	Ashwini Kantak, Assistant City Manager (408) 586-3053
Recommendation:	Fiscal Year 2019-20 Budget Study Session

Background:

The objective of this Study Session is to review the status of the Fiscal Year 2018-19 Budget and to seek Council direction and feedback on items that will help inform and create a shared understanding as the Fiscal Year 2019-20 budget is developed. There will be a few brief hands-on exercises to facilitate the discussion, with the Study Session setting meant to allow for open dialogue and conversation. While no action will be taken during the Study Session, staff will seek Council direction and feedback, particularly as it relates to Council priorities for the next year.

Major discussion items include:

1. Review and discuss status of Fiscal Year 2018-19 Budget, including the General Fund financial status, an updated Five-year Forecast and status of reserves (Attachment 2)
2. Review and discuss existing Council Priorities (Attachment 3)
3. Review and discuss service level expectations and performance measures of each City Service Area, including major accomplishments for Fiscal Year 2018-19 and current major workplan items (Attachment 4)
4. Discuss and seek Council direction on approach to fees and charges (Attachment 5)
5. Receive a presentation from the consultant and discuss external funding options for infrastructure projects
6. Review the Budget Calendar and next steps
7. Seek Council feedback on any updates to the Council Priorities

The Study Session will conclude with a public forum.

Attachments:

1. Detailed Study Session Agenda
2. Budget in Brief
3. City Council Budget Priority Setting and Facilitation Project Report
4. City Service Area Workplans
5. Municipal Code Cost Recovery Targets
6. Draft Powerpoint presentation (to be distributed 1/25/19)



Fiscal Year 2019-20 Budget Study Session

*Barbara Lee Senior Center
40 N. Milpitas Blvd., Rooms 140/141, Milpitas CA 95035*

Tuesday, January 29, 2019, 6 p.m. to 9:30 p.m.

Objectives

- Review status of Fiscal Year 2018-18 Budget and significant accomplishments and workplan items
- Seek Council feedback on items that will help inform the Fiscal Year 2019-20 Budget development

Agenda

1. Introduction and Review of Agenda

2. Review Council Priorities, Fiscal Year 18-19 Budget, Fiscal Year 19-20 Budget Process

- a. Review Council Priorities
- b. General Fund financial status (from December 4, 2018)
- c. Five-year financial forecast (from December 4, 2018)
- d. Current status of reserves
- e. Fiscal considerations
- f. Fiscal Year 2019-20 Budget process

3. Review Service Level Expectations and Performance Measures

- a. City Service Areas (CSA) accomplishments and major workplan items
- b. Community Engagement plan and Community Survey topline results
- c. Staffing analysis
- d. Service Level Expectations and Performance Measures

4. Discuss Approach to Fees and Charges

- a. Current Fees and Charges
- b. Proposed Approach to Setting Fees and Charges
- c. Interactive Exercise

5. Discuss External Financing Options for Infrastructure Projects

- a. Consultant will present financing options, such as various bonds and EIFDs

6. Review Budget Calendar

7. Review Council Priorities

- a. Interactive Exercise
- b. Council discussion and input to staff on priorities for Fiscal Year 19-20 Budget

8. Conclusion

FISCAL YEAR 2018-2019 ADOPTED BUDGET IN BRIEF



Introduction

The Adopted Budget for Fiscal Year 2018-19 includes both the City's operating and capital improvement budgets for all activities, including major funds, such as the City's water and sewer utility operations. The total Adopted Budget for FY 2018-19 is \$191,109,583, which includes the City's Water and Sewer Utility enterprise budgets of \$38,776,958 and \$14,435,945 respectively. The budget is balanced and reflects the funding necessary to preserve existing service levels, as well as funding for new initiatives meant to support identified priorities.

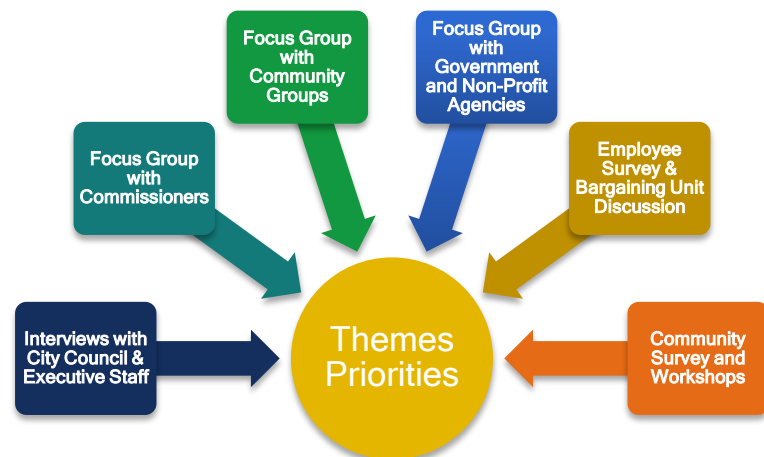
The annual budget is the single most important policy action that the City Council takes, and it represents the City's priorities for making resource investments, both for the upcoming year and for the long-term future. Through the budget, our common goal is both to ensure that we use our limited resources as effectively as possible to deliver the services our community expects and deserves, and to ensure that we operate with a strong fiscal discipline and responsibility as stewards for the future.

City Council adopted the FY 2018-19 Operating Budget and 2018-23 Capital Improvement Plan (CIP) at the regular City Council meeting on June 5, 2018. Both documents reflect feedback from the Council study sessions and extensive budget engagement efforts.

Identified Priorities

Budget priorities were developed during budget workshops in November 2017 and February 2018, as well as extensive engagement with the community, employees and key stakeholder groups. Identified priorities include:

- **Public Safety:** We must continue to invest in our capabilities for police and fire protection in partnership with our community.
- **Infrastructure and Community Facilities Maintenance:** We must continue to build and maintain the structures, systems, and facilities that support long-term quality of life, City efficiency, and community growth.
- **Transportation and Transit:** We must continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.
- **Economic Development and Job Growth:** We must continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.
- **Fiscal Responsibility:** We must continue to live within our means and to be committed to long-term fiscal discipline and financial stewardship.



City of Milpitas – By the Numbers

General Data

1954	Milpitas residents incorporated as a city, which included the recently built Ford Auto Assembly plant
13.62	Total square miles of City limit
78,106	Population (per Census 2018)
29,931	Total Registered Voters (November 2018)
19,817	Total number of votes cast in November 2018 election
298	Miles of Streets
4,581	Number of Street Lights
\$103,623	Average household income
64	Percentage of homeowners
\$1,071,500	Median Price of a Home (as of June 2018)

Public Safety

4	Number of Fire Stations
12	Number of Fire Apparatus
2,039	Number of Fire Hydrants
2	Number of Police Stations
29	Crossing Guard Posts
29	Number of Police Patrol Vehicles

Utilities

15,111	Number of Residential Water Utility Customers
1,838	Number of Commercial water Utility Customers
208	Number of Recycled Water Customers
5.8	Average daily consumption of water in million gallons
203	Miles of Water Mains
173	Miles of Sanitary Sewers
99	Miles of Storm Drains

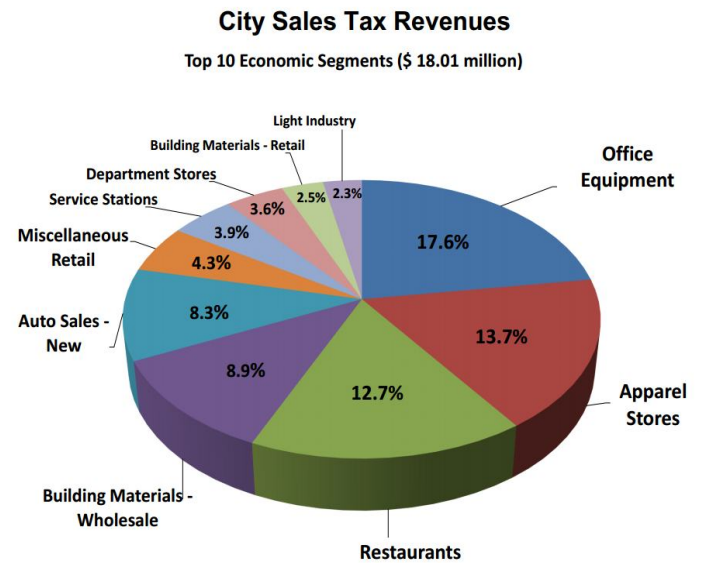


Parks and Recreation

195	Acres of Parkland
35	Number of Parks
3	Number of Swimming Pools
33	Number of Playgrounds
16,017	Total Class/Program Enrollments (FY2017-18)
27,882	Number of Attendees at Special Events (FY2017-18)

Top Ten Sales Tax Generators

The total amount of sales tax revenue for the latest benchmark year was approximately \$23.13 million, with the top ten economic segments generating approximately \$18.01 million. Restaurants, office equipment, new auto sales, service stations, whole and retail building materials have shown an increase over the past year, while light industry, apparel stores, miscellaneous retail, and department stores have decreased. The City's top sales tax generators include Cisco Systems, Inc., KLA-Tencor Corporation, Western Digital Technologies, Inc., and Flex Ltd. The two largest non-manufacturing employers in Milpitas are The Great Mall and Milpitas Unified School District.



Source: MuniServices 4th QTR 2017

Fiscal Year 2018-19 General Fund Revenue

General Fund Revenue equals approximately \$102.2 million, a 12.2% or \$11.1 million increase compared to FY 2017-18. Major revenue sources include:

- **Property Tax** revenue is expected to equal \$31.4 million, which is 8.9% or \$2.5 million higher than FY 2017-18 estimated and budgeted revenue of \$28.9 million. Property Tax estimates are made using data provided by the Santa Clara County Assessor's Office.
- **Taxes Other than Property**, which include Sales Tax, Transient Occupancy Tax, Franchise Fees, and Business License Tax, are expected to total \$44.8 million, which is 13.3% or \$5.3 million higher than FY 2017-18 estimated and budgeted revenue of \$39.5 million. Sales tax estimates are provided by an outside sales tax consultant with extensive knowledge of Milpitas' sales tax base. All other taxes are projected using up to 3% growth assumptions.
- **Licenses and Permits**, which include Building and Fire Permits as well as Fire Inspection Fees, are expected to equal \$9.8 million, which is 16.6% or \$1.4 million higher than FY 2017-18 estimated and budgeted revenue of \$8.4 million.
- **Charges for Current Services**, which include reimbursable private development jobs, recreation user fees, and miscellaneous charges, are expected to equal \$7.5 million, which is 14.7% or \$953,000 higher than FY 2017-18 estimated and budgeted revenue of \$6.5 million. This increase is the result of the City's significant continuing development activity and growing community needs for services.

Fiscal Year 2018-19 Total Revenues and Other Financing

Revenue detail is shown in the *Financial Information* section of the Budget. Compared to the FY 2017-18 budget, revenue and other financing sources are estimated to decrease by \$4.1 million. This is mainly due to decreased funding needs in the Capital Improvement Project Budget.

Fund	Adopted Budget FY 17-18	Adopted Budget FY 18-19	Over (Under) Prior Year
General	\$90,182,181	\$102,034,669	\$11,049,826
Housing Authority	439,904	799,092	359,188
Other Funds*	6,393,672	6,911,959	518,287
Capital Project	33,206,840	28,151,000	(5,055,840)
Water	41,353,355	38,776,958	(2,576,397)
Sewer	22,797,057	14,435,945	(8,361,112)
TOTAL	\$195,189,234	\$191,109,583	\$ (4,079,651)

Fiscal Year 2018-19 Expenditures

Total expenditures represent an overall 2% decrease from FY 2017-18 mostly due to capital projects. Operating expenditures, excluding capital improvement and debt service, increased by 10%, which is relatively flat compared to the increase in last year's budget.

Category	Adopted Budget FY 17-18	Adopted Budget FY 18-19	Over (Under) Prior Year
Salaries & Benefits	\$84,398,719	\$93,466,588	\$9,067,869
Services & Supplies	47,394,149	50,220,144	2,825,995
Capital Outlay	650,826	2,018,071	1,367,245
Subtotal	\$132,443,694	\$145,704,803	\$13,261,109
Capital Improvement	60,483,540	43,867,480	(16,616,060)
Debt Service	2,262,000	1,537,300	(724,700)
TOTAL	\$195,189,234	\$191,109,583	\$ (4,079,651)

Economic Trends, Development and Profile

Employment

Employment has surpassed the pre-recession peak in Silicon Valley. By 2016, Milpitas was home to approximately 44,400 jobs with employment concentrated in manufacturing (29.3%), professional and business services (17.3%), and leisure and hospitality (11.4%).

In July 2018, the preliminary unemployment rate in the local area was 2.8% below the national rate of 3.9% and the preliminary California rate of 4.2%.

Economic Development

There are approximately 1,450 acres designated for collaborative innovation, research and workforce development and 1,087 acres dedicated to commercial retail and office centers supporting 5.6 million square feet of commercial shopping. Milpitas is home to 120 smart manufacturing firms and the Great Mall continues to be the largest indoor mall in Northern California, with approximately 1.1 million square feet of leasable space for retail and entertainment operations.

Gross Domestic Product Growth

During the second quarter of 2018, gross domestic product (GDP) was solid at 4.2% higher than 2017. Consumer spending during second quarter was particularly strong; however, the Federal Reserve Board has projected growth to slow to 2.4% in 2019 and 2.0% in 2020.

We are cautiously managing the economic road to recovery while cognizant of the need to remain in a state of fiscal readiness.

Housing to Jobs Ratio

As part of the General Plan Update, consultants have analyzed land use alternatives for the 13 growth area opportunity areas around the City that could potentially accommodate higher levels of residential and employment growth, the existing jobs per housing ration in Milpitas is 2.1. Under an opportunity area alternative scenario with a higher level of development, potentially 43,885 new residents and 31,900 new jobs could be created over a 20-year period, which would make the jobs per housing unit ratio 2.25.

Under the existing General Plan, in which the City is projected to add 31,720 new residents and 10,180 new jobs, potential housing unit ratio would be 1.82.

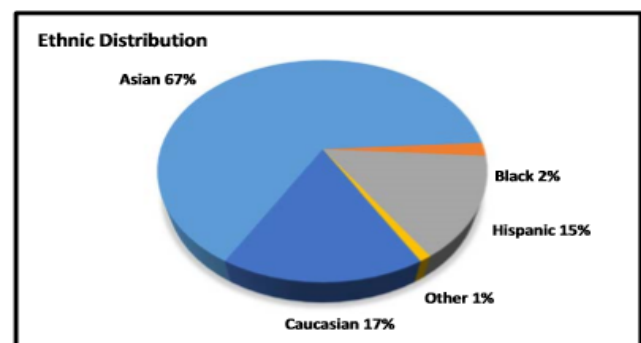
Housing

Growth in the South Bay housing market has also been an important contributor to the strength of the local economy. The lack of available homes continues to push home prices upwards. The median sales price of a single family residential home was \$1.3 million as of July 2018.

Consumer Price Index

The CPI is used by the U.S. Bureau of Labor Statistics to measure inflation. The July 2018 consumer price index for all urban customers increased 2.9% over the last 12 months. Core CPI was 2.4% year-over-year in July, slightly above the Federal Reserve's 2.0% inflation target.

Demographics



Major Development Activities in the City

Midtown Specific Plan

- Smart growth, high-density mixed-use housing and retail in walking distance to light rail and BART
- Transforming neighborhoods into attract and economically vital districts with plazas and network of pedestrian and bicycle trails
- Vibrant streetscape along the north end of Main Street and a mixture of housing, shopping, employment, entertainment, and cultural and recreational opportunities.
- The charge of the current Plan is to spur the neighborhood's transformation even further, creating a vibrant mixed-use district that addresses the City and region's evolving needs.

Transit Area Specific Plan (TASP)

- Adopted in June 2008 and updated in 2011
- Medium to high-density development surrounding the future Montague/Capitol BART station and two VTA light rail stations
- Foster economic development of the area, strengthen and expand retail uses to increase sales tax revenues, attract major retailers and provide housing and amenities, such as parks, retail and restaurants.
- As of July 2018, there are over 5,400 housing units in the Transit Area under various stages of development.

Residential Development

- An improving economy and high media home prices led to a heightened interest in residential developments
- Outside of Midtown and Transit Area, there are several residential developments that are under construction or completed and occupied
- Proposed single family home development for 37 lots, including accessory dwelling units at 1005 Park Victoria Drive
- A new townhome development by KB Himes at 1210 California Circle
- Various small-scale infill projects throughout the City

Related to non-residential development, FY 2017-18 was a busy year for commercial development and expansion. KLA Tencor, Embassy Suites Hotel and various businesses throughout the City placed significant financial investments in tenant improvements of their buildings. Property owners of the former LifeScan campus and Tasman Tech Park invested in revamping their buildings and outdoor spaces in order to attract new tenants. Micron, a local company, has expanded at the Tasman Tech Park. For hotel projects and developments, the Element Hotel near Tasman, Home2Suites on California Circle, and the proposed hotel at the District in the TASP are approved and will be under construction soon.

SERVICE DELIVERY HIGHLIGHTS

City Manager's Office

Administers the operations of City government and the Successor Agency resulting from the dissolution of the Redevelopment Agency. Also, implements the City's general policy guidelines, submits for adoption a balanced budget that identifies all the anticipated revenues and expenditures, recommends strategies and solutions to City Council and follows legislative activities of federal, state, regional and local political bodies and keeping Council apprised of the potential impact to the City.

Fiscal Year 2018-19 Adopted Budget Goals

- Promote professional expertise and support to the City Council in the formulation, interpretation and application of public policy to achieve community goals and objectives
- Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity
- Implement City Council's Strategic Goals and monitor and measure the performance of these goals in the coming year
- Provide strategic direction and management for city-wide operations and high-quality, cost-effective service delivery that meet the needs of the community
- Promote sound financial practices and a balanced revenue and expenditure base
- Provide timely and reasonable responses to citizens, customers, and the City Council
- Evaluate the development review process and make recommendations to improve customer service, optimize efficiency, and ensure recovery of costs fairly and fully in collaboration with internal and external stakeholders
- Collaborate with regional partners to ensure successful launch of BART station
- Assist the City Council in Affordable Housing policy development that leads to the achievement of the community's vision
- Increase participation as a regional jurisdiction, optimizing and leveraging collaborations for the benefit of Milpitas residents
- Foster a work environment that supports City staff and creates a place where all employees can do their best work in service to the community.

Economic Development

Strategizes, manages and directs programs and activities, such as business retention and attraction, workforce development, revitalization, land-use, marketing and branding, and real estate economics.

Fiscal Year 2018-19 Adopted Budget Goals

- Continue business recruitment and retention and outreach programs
- Promote Milpitas-based manufacturing companies in order to retain and recruit companies and jobs
- Support workforce development
- Support small businesses
- Facilitate development projects that generate property tax and sales tax revenue
- Conduct studies that enhance and sustain the City's economic vitality
- Recruitment of key businesses in the TASP area and beyond
- Branding and marketing of the City and Transit Area
- Partnering with MUSD and Evergreen Valley College
- Increasing the City tax base through various means

City Clerk's Office

Serves as the legislative administrator, elections official, and records manager for the City. Serves as Secretary to the Public Financing Authority, Housing Authority and Successor Agency.

Fiscal Year 2018-19 Adopted Budget Goals

- Prepare all City Council, Housing Authority, Public Financing Authority and Success Agency meetings' agendas and minutes
- Conduct Candidate Filing for Municipal Election scheduled Nov. 6, 2018. Coordinate with Registrar of Voters for all election matters, including any ballot measures called by City Council
- Respond to Public Records Act and Open Government ordinance requests for records

Continue U.S. Passport Acceptance Agency program with service by appointment only

Police Department

Provides 24 hours-a-day, 365 days-a-year policing services to the City, keeps the peace, and prevents & controls crime. The Department's nine functions include: administration, patrol services, traffic safety unit, crossing guards, police community relations units, investigations unit, communications unit, records unit, and personnel & training.

Fiscal Year 2018-19 Adopted Budget Goals

- Ensure average response times to emergency calls remain under three (3) minutes
- Ensure 100% registration compliance by known sex offenders
- Develop and host a Citizens' Police Academy program
- Extend the body-worn camera program to the Special Investigations Unit
- Provide "active shooter response" training to at least four (4) organizations
- Collaborate/partner with MUSD's tabletop "active shooter response" exercise

Fire Department

Committed to providing comprehensive emergency response, fire protection, emergency medical services, disaster preparedness, community education, risk reduction, and other related services. The Department's five divisions include: administration; suppression; training, emergency medical services, and safety; fire prevention; and office of emergency services.

Fiscal Year 2018-19 Adopted Budget Goals

- Maintain response rate of less than 5 minutes, 90% of the time
- Maintain service delivery to meet all major project and construction schedules
- Achieve target turn-around times of plan reviews/inspections at a rate of 98% or higher
- Develop training program for City emergency staff and increase drill training
- Respond to 100% of public education requests

Planning and Neighborhood Services

Promotes and facilitates high quality of life through community partnerships, innovation, vision, and exemplary customer service to ensure a vibrant Milpitas.

Fiscal Year 2018-19 Adopted Budget Goals

- Provide staff development opportunities and cross-training
- Increase attendance at regional meetings and conferences
- Complete Mid-Town Specific Plan
- Adopt and implement new Affordable Housing Ordinance
- Maintain General Plan Update schedule
- Hire and train Housing Authority Administrator
- Initiate Development Review Committee improvements
- Initiate Zoning Ordinance updates (ADU, development thresholds)
- Update Code Enforcement Ordinances

Engineering

Provides resources to enhance the City infrastructure through the design, management, and construction of public improvements and the management of various public works programs in a safe, coordinated, timely, and cost effective manner with responsive services to the entire community. The department's four divisions include: engineering administration; design and construction; land development; and traffic.

Fiscal Year 2018-19 Adopted Budget Goals

- Complete construction of decorative street light installation along South Main Street from Carlo Avenue to Coming Avenue
- Complete construction of Marrylinn Drive Sanitary Sewer Rehabilitation project
- Start construction on the Dempsey Road Water Improvements
- Start construction of the McCandless Park Improvements
- Complete construction of Annual Streets Resurfacing project

Public Works

Operates and maintains the City's infrastructure and facilities including public streets, utilities, parks, street landscaping, City vehicles, and City buildings. The department's eight divisions include: administration; streets maintenance; utility engineering; utility engineering; utility operations and maintenance; trees and street landscaping; fleet maintenance; and facilities maintenance.

Fiscal Year 2018-19 Adopted Budget Goals

- Provide cost effective maintenance and repair services that meet or exceed industry standards or best practices
- Establish asset management programs to ensure the City's assets and infrastructures are updated and well maintained
- Develop, support, and retain an exceptionally qualified, well trained, and diverse work force
- Utilize technology to enhance services to the community and improve the transfer of information between the Milpitas community and Public Works staff
- Work to meet the City's sustainability goals and ensure compliance with state and federal regulatory agencies and cooperate with other agencies to safeguard natural resources for the benefit of the environment, residents, development community, overall quality of life, and more

Finance

Dedicated to providing accurate, credible and timely financial information to support sound fiscal management and professional customer service to Milpitas residents, the business community, City Council and internal staff.

Fiscal Year 2018-19 Adopted Budget Goals

- Work with City Council and stakeholders to achieve long-term fiscal sustainability
- Implement contract management software for procurement tracking, routing, and approval
- Review and update finance related Standard Operating Procedures
- Continue Automated Water Meter replacement project to provide real-time consumption amounts to customers

Recreation Services

Dedicated to providing endless opportunities to our residents to strengthen community image and sense of place, support economic development, promote health and wellness, foster human development, increase cultural unity, facilitate solutions to community needs and provide recreational experience while preserving and enhancing city resources. The department's 12 divisions include: administration; senior citizen services; pre-k enrichment; youth programs; special events; marketing; performing arts; general classes; aquatics; sports and fitness; adult sports; and volunteer services.

Fiscal Year 2018-19 Adopted Budget Goals

- Re-institute Teen programs and activities
- Develop and broaden Special Needs services and events
- Establish and pursue a partnership with Dignity on Wheels programs to service or assist the Milpitas homeless population
- Increase Senior Life Skills presentations and workshops, with a focus on mental health and well-being

Human Resources

Dedicated to providing excellent service to all customers in an inclusive work environment, which reflect and supports the diversity of our community and our workforce. Provides continuous improvement in personal, professional, and leadership development while promoting a balance between work and family. Maintains a friendly work environment.

Fiscal Year 2018-19 Adopted Budget Goals

- Update new employee handbook; streamline and automate employee forms
- Assist in streamlining requisition and recruitment processes for departments and create more detailed information for applicants and candidates
- Offer comprehensive training programs to provide training opportunities for city employees; provide training of benefits, worker's compensation, and retirement for employees; improve training management system to track attendance
- Conduct interviewer training for department and division managers; test preparation for all employees
- Continue to host employee recognition events; offer networking opportunities for employees
- Improve internal training for Human Resources staff, including cross-training
- Educate employees on benefits; work with third party vendors to provide additional information and literature on benefits offered; encourage participation in wellness events
- Finalize City-wide Classification and Compensation Study
- Continue to improve on-boarding and off-boarding experience for employees; involve departments in experience to ensure retention of quality employees
- Prepare new City of Milpitas recruitment videos for difficult to recruit positions; continue to promote Milpitas as a great place to work; and improve appearance of recruitment flyers

- Continue to review, streamline, and update Human Resources policies and practices
- Create plan for enhanced Wellness Program
- Enhance City's Transportation Reduction Incentive Program (TRIP) for employees, including education of safe alternative modes of transportation

Information Services

Supports the operations of the City by providing high-quality, reliable, and cost effective services in the areas of telecommunications, data processing, desktop support and technology project management.

Fiscal Year 2018-19 Adopted Budget Goals

- Complete upgrades for Exchange Mail Server; records management system; and permitting system
- Complete Servers Virtualization Project
- Complete Phase II of ProjectDox Implementation

Building and Housing

Committed to fulfilling the needs of our community and contributing to the City's economic development. The department's four functions include: administration, plan check, permit center and building inspection.

Fiscal Year 2018-19 Adopted Budget Goals

- Implement 100% paperless plan submittal and permit issuance
- Update software to improve permitting and inspections
- Assist the building inspection apprentices to be certified in all trades and as fully trained building inspectors
- Enhance the department website based on feedback provided by customers
- Streamline permit process by simplifying fee schedule
- Enhance customer service with improved electronic service request forms
- Continue to enhance the functionality of the Building Department smartphone app
- Continue to train staff on codes and cross-train staff to improve consistency
- Improve percentage of plan checks and inspections completed on time

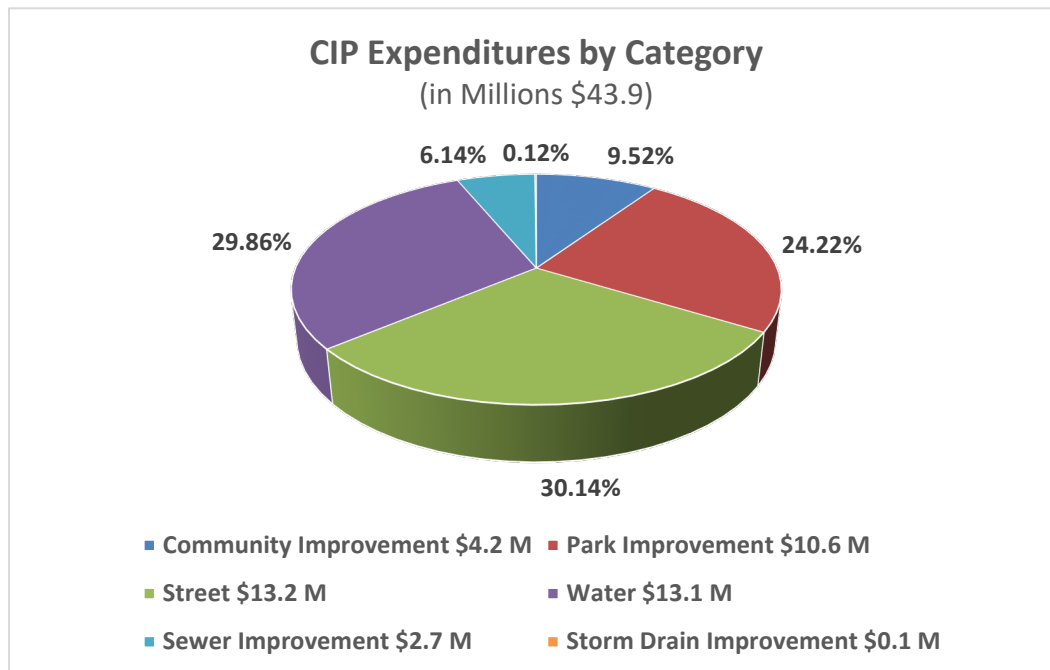
2018-23 Capital Improvement Program

The City includes the cost of all acquisition, construction, expansion or rehabilitation of the City's plant and facilities in the capital Improvement Budget.

Project Category	Adopted Budget FY 18-19	Percentage of Total
Community Improvement Projects	\$4,178,000	9.52%
Park Projects	10,625,000	24.22%
Street Projects	13,220,000	30.14%
Water Projects	13,098,157	28.86%
Sewer Projects	2,693,323	6.14%
Storm Drain Projects	53,000	0.12%
TOTAL	\$43,867,480	100%

Major projects in 2018-19

- ✓ McCandles Park
- ✓ Montague Pedestrian Overcrossing at Piper Drive
- ✓ Street Resurfacing
- ✓ Well Upgrade Project
- ✓ Aging Water Systems/Seismic Improvements





City of Milpitas

City Council Budget Priority Setting and Facilitation Project Report

City Council Workshop Held February 3, 2018

February 2018

**Management
Partners**



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Budget Priority Facilitation Project Report

The City of Milpitas engaged Management Partners to assist the City in soliciting input from the public and City staff to guide the preparation of the FY 2018-19 annual budget and five-year capital improvement plan. The project culminated in a budget priority setting workshop with the City Council on February 3, 2018 at the Barbara Lee Senior Center located at 40 North Milpitas Boulevard.

The process began with the Council Finance Subcommittee's request in August 2017 that staff identify ways the City can do more to engage Council members and the public in the budget development process. Staff developed a proposed work plan to meet these objectives and presented it on October 5. The plan sought to engage the community through online surveys and workshops to identify budget priorities for Council consideration. The City engaged Management Partners to facilitate this process in October 2017.

The project was launched at a budget education workshop conducted by City staff on November 4, 2017, with Council members directing Management Partners and staff to conduct a comprehensive engagement of the community, staff, labor groups, and Council members. A variety of methods were used, including interviews, focus groups, surveys, and small-group and community-wide workshops to obtain insights into the priorities that the City should focus on during the next three to five years. The results would then inform Council's deliberations on budget priorities at a workshop in February 2018. At that workshop, direction would be provided to staff for the preparation of the FY 2018-19 annual budget.

Management Partners engaged in extensive stakeholder engagement leading up to the February 3 workshop, as shown in Figure 1.

Figure 1. Budget Priorities Engagement Activities and Timeline

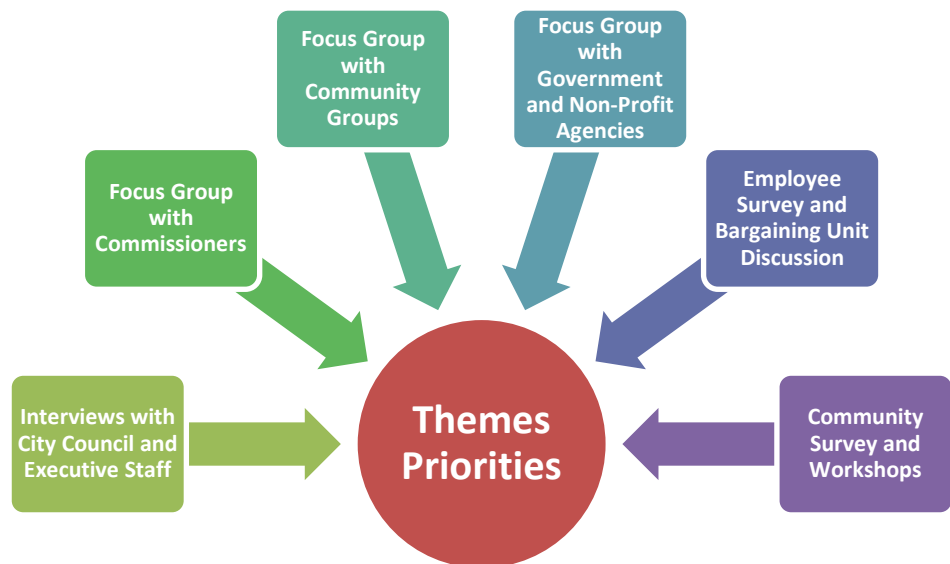


At the February workshop, Council members agreed on seven priorities for the FY 2018-19 budget. This report contains the results of the engagement activities and the final outcomes from the workshop.

Engagement with Community, Council and Staff

To prepare for the workshop, the Management Partners team conducted interviews with Council and extensive engagement with the community and other stakeholders, as shown in Figure 2.

Figure 2. Stakeholder Engagement



Each engagement was designed to allow participants to indicate their top priorities in the next five years. Those items were synthesized into themes and priorities, which was the basis for discussion and Council direction at the workshop. The results of the engagement with the employees and the community are summarized in the following sections.

Community Values

Participants of the focus groups and the community workshops were asked to identify what they believed the community values most; those core set of ideals, factors and beliefs that distinguish Milpitas from other communities and drive individuals to make Milpitas their chosen location to live, work and play. Participants identified six major areas.

1. Transportation and accessibility
2. Safe and peaceful
3. Responsibility
4. Cultural and ethnic diversity
5. Family focus
6. Economic opportunity

Transportation accessibility, safe and peaceful and responsibility were highlighted as the most important values during the community workshops.

Figure 3 shows the concepts that were most frequently raised in each of the six major areas that the Milpitas community values most.

Figure 3. What Do You Think the Community Values Most?

Transportation Accessibility <ul style="list-style-type: none">•Major transportation corridors•Increasing transit solutions•Challenging traffic issues	Safe and Peaceful <ul style="list-style-type: none">•Police and fire responsiveness•Quiet•Strong neighborhoods•Emergency preparedness (including utility infrastructure)
Responsibility <ul style="list-style-type: none">•Environmental preservation•Hillsides, opens space and parks•Government transparency•Fiscal planning and management	Cultural and Ethnic Diversity <ul style="list-style-type: none">•Connectedness, sense of community•Acceptance, inclusivity, openness, welcoming•Compassionate•Respect
Family Focus <ul style="list-style-type: none">•Education system•Small-town feel•Youth•Age-friendly	Economic Opportunity <ul style="list-style-type: none">•Jobs•Entrepreneurial spirit•Affordability•Small business retention•Retail and shopping

Interviews with City Council members indicated a strong alignment with the values identified by the community and employees, as shown in Table 1.

Mentioned by five of five Councilmembers	Mentioned by four of five Councilmembers	Mentioned by three of five Councilmembers
Family Focus Cultural and Ethnic Diversity	Safe and Peaceful Responsibility	Transportation Accessibility Economic Opportunity

Respondents to the community and employee surveys were asked to provide one word to describe their vision of Milpitas in five years. Responses from the community survey are summarized in Figure 4. The top vision words for the community survey are safe, odorless and crowded.

[illegible]

Participants from the interviews and focus groups were asked to provide insights about what they believe are the most important services or issues facing the City. Based on those interviews and focus groups, the following alphabetical list of priority areas was developed to include in the community and employee surveys.

- Respondents to the community and employee surveys were asked to indicate the three areas they consider to be most important for the City to focus on during the next five years.

The top areas identified in the community survey are *community wellness and open space, public safety and transportation and transit*. Top areas identified in the employee survey are *public safety, infrastructure and community facilities maintenance, and economic development and job growth*.

Table 2 shows the ranks and alignment for the community and employee surveys. There is general alignment between the employee and community survey results for the listed priority areas except *community wellness and open space* and *neighborhoods and housing*.

Table 2. Priority Area Ranking Results (Community and Employee Survey)

	Lower Employee Priority (Bottom Six)	Higher Employee Priority (Top Six)
Higher Community Support (Top Six)	Community Wellness and Open Space <ul style="list-style-type: none"> Community Rank: 1 Employee Rank: 7 	Public Safety* <ul style="list-style-type: none"> Community Rank: 2 Employee Rank: 1 Infrastructure and Community Facilities Maintenance* <ul style="list-style-type: none"> Community Rank: 4 Employee Rank: 2 Transportation and Transit* <ul style="list-style-type: none"> Community Rank: 3 Employee Rank: 6 Economic Development and Job Growth* <ul style="list-style-type: none"> Community Rank: 5 Employee Rank: 3 Fiscal Responsibility* <ul style="list-style-type: none"> Community Rank: 6 Employee Rank: 4
Lower Community Support (Bottom Six)	Recreation, Senior-Oriented Programs and Youth-Oriented Programs* <ul style="list-style-type: none"> Community Rank: 10 Employee Rank: 9 Technology and Telecommunications <ul style="list-style-type: none"> Community Rank: 9 Employee Rank: 10 Environment <ul style="list-style-type: none"> Community Rank: 8 Employee Rank: 11 Customer Service/Community Connections* <ul style="list-style-type: none"> Community Rank: 11 Employee Rank: 8 Arts and Culture* <ul style="list-style-type: none"> Community Rank: 12 Employee Rank: 12 	Neighborhoods and Housing* <ul style="list-style-type: none"> Community Rank: 7 Employee Rank: 5

*Highlighted during focus groups and/or the community workshops

According to Council interviews, Council members were strongly aligned with the community and employees for the higher priorities.

- Public Safety
- Infrastructure and Community Facilities Maintenance
- Transportation and Transit
- Economic Development and Job Growth
- Fiscal Responsibility

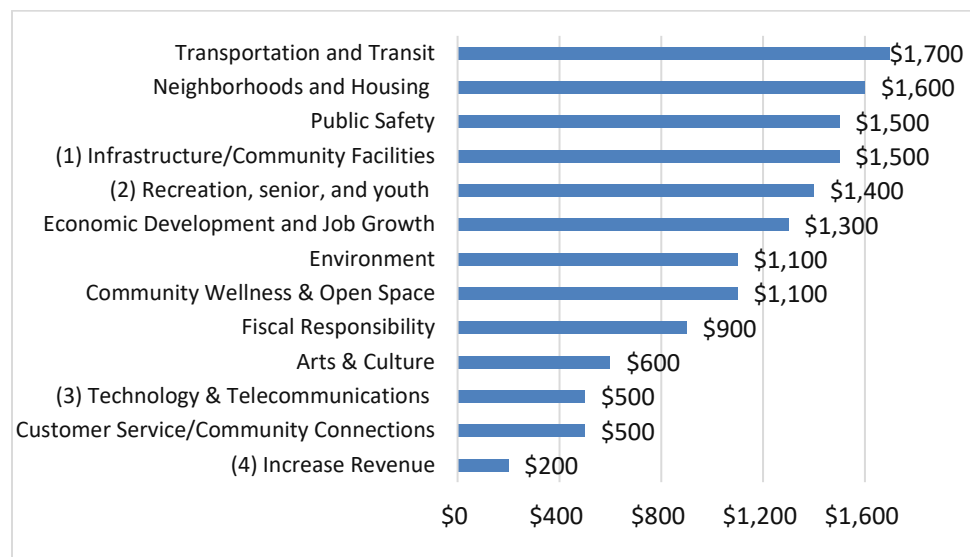
Community Wellness and Open Space is an area important for the community, but not so for employees and Council. *Recreation, Senior-*

Oriented Programs and Youth-Oriented Programs is an area important to Council members, but a lower priority for employees and the community. *Neighborhoods and Housing* is an important area for Council members and staff, but lower for the community.

Community Budgeting Exercise

As another means of identifying community priorities, community workshop participants were each given \$1,000 in play money (symbolizing \$1 million) and asked to allocate that money among the 12 priority areas. The results of that exercise are shown in Figure 6. The top budgeted areas are *transportation and transit, neighborhoods and housing, public safety, infrastructure and community facilities maintenance, and recreation, senior-oriented and youth-oriented programs*.

Figure 6. Budget Allocation Exercise (Community Workshop)



¹Infrastructure and Community Facilities Maintenance

²Recreation, Senior-Oriented Programs and Youth-Oriented Programs

³\$200 specifically allocated for emergency preparedness

⁴Specifically for state lobbying changing Prop 13 and charging pollution fees

City Council Budget Priorities Setting Workshop

Workshop Objectives and Agenda

On February 3, 2018, the City Council and staff convened in a study session at the Barbara Lee Senior Center. The purposes of the workshop were to:

- Review results from engagement with Council members, City staff, and community members
- Set priorities and provide direction to staff for the preparation of the FY 2018-19 annual operating and five-year capital improvement program

The agenda for the day included the following five items.

1. Introduction and Overview
2. Fiscal Reality
3. Results from Engagement with Council, Staff and Community
4. Budget Priorities and Direction
5. Conclusion and Next Steps

Workshop Roles and Meeting Guidelines

At the start of the workshop, the facilitators defined roles and suggested a set of meeting guidelines to help the group have a successful workshop and achieve the results they intended to achieve through their time together. The roles for participants are summarized in Figure 7.

Figure 7. Workshop Participant Roles

Council	City Staff	Members of the Public	Management Partners
<ul style="list-style-type: none">• Review results from community and employee engagement• Identify budget priorities• Reach consensus on budget priorities	<ul style="list-style-type: none">• Review results from community and employee engagement• Listen to priorities raised• Clarify ideas raised where requested	<ul style="list-style-type: none">• Review results from community and employee engagement• Listen to priorities from Council• Provide input as requested by Council	<ul style="list-style-type: none">• Present results from engagement activities• Facilitate workshop discussion• Record outcomes from the workshop• Manage time

The following meeting guidelines were established and affirmed by Council and staff.

- Be present and participate
- Be open to exploring ideas
- Be willing to hear everyone's opinions
- Keep distractions to a minimum (i.e., set cell phones to vibrate)

Workshop Participants

Council members and executive staff participated in the workshop. Department staff and members of the public were also present in the audience. Figure 8 shows the City Councilmembers that were in attendance.

Figure 8. City Councilmembers in Attendance






Mayor Rich Tran	Vice Mayor Marsha Grilli	
		
Council Member Garry Barbadillo	Council Member Bob Nunez	Council Member Anthony Phan
		

Figure 9 lists the executive staff members that attended the workshop.

Figure 9. Participating Executive Staff Members

<ul style="list-style-type: none"> • City Manager Dianne Thompson (Interim) • Financial Services Will Fuentes • City Clerk Mary Lavelle • Human Resources Tina Murphy • Information Services Mike Luu • Economic Development Edesa Bitbadal • Planning and Neighborhood Services Bradley Misner 	<ul style="list-style-type: none"> • Fire Chief Richard Frawley (Acting) • Police Chief Armando Corpuz • Recreation Services Renee Lorentzen • Building and Safety Gary King (Acting) • Engineering Director Steve Erickson • Public Works Tony Ndah
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Fiscal Reality

Management Partners presented an overview of the City's current financial status in three areas:

1. **Five-year General Fund financial forecast.** City staff would be preparing a revised five-year forecast of the General Fund in the upcoming budget. However, a review of the prior forecast indicated that while undesignated reserves would be sufficient to carry the City in the coming five years, expenditures were expected to exceed revenues. As such, the Council would need to consider budget priorities in light of an ongoing long-term fiscal gap that may exist as staff prepares a revised forecast.
2. **Factors that could impact the upcoming forecast.** City leaders will need to consider several factors as the updated forecast is reviewed. Opportunities exist from continued economic growth and development, the pending BART station opening scheduled for later this summer, and positive trends in sales tax growth above the City's prior forecast. However, threats to the City's fiscal health could come from aging infrastructure and the need to fund its maintenance, rising pension liability costs as a result of changes in CalPERS' discount rate, and that historical recession cycles indicate the potential for a softening of revenues within the next five years that has not previously been anticipated by the City's five-year forecast.
3. **Budget policies.** Previous Councils have put a variety of fiscal policies in place in areas such as establishing operating and capital budgets, setting utility rates and fees, and debt and investment policies. Five reserve policies that impact General Fund resources would need to be addressed: emergency/contingency, CalPERS rate stabilization, storm drain replacement, funding other post-employment benefit (OPEB) obligations, and equipment/technology replacement reserves.

The slides that were presented are provided in Attachment A (slides 9 through 13).

City Council Comments

The following comments were received from the City Council.

1. Council members are interested in learning more about CalPERS and the history of retirement benefits for the City, and asked staff to provide an update on those matters during the budget process.
2. One Council member expressed interest in reviewing budget policies for consistency and relevance.
3. Council noted that it is important to understand the specific driving factors, or assumptions, that lead to the projected expenditure gap for the city.

Next Steps

The following next steps were identified in this section.

1. A preliminary five-year financial forecast will be prepared within the coming month and will be presented to Council for their information as staff prepares the FY 2018-19 annual budget.
2. In regard to a \$10 million one-time unanticipated General Fund surplus from FY 2016-17, the Council agreed to defer a decision on the use of those funds, addressing that issue in the context of the proposed FY 2018-19 annual budget and five-year capital improvement plan.

Community Engagement Results

Management Partners then presented a summary of the results from the community engagement as previously discussed in this report.

The presented slides are available in Attachment A (slides 14 through 37). The detailed survey results are available in Attachment B.

City Council Comments

There were two comments regarding the community engagement efforts for future consideration.

1. One Council member made a general comment that future efforts should explore more outreach to businesses.
2. One Council member made a general comment that future efforts should explore ways to design and conduct focus groups for each neighborhood.

Budget Priorities and Direction

Based on the presentation of the community engagement results and the resulting dialog with Council members about those results, the following nine topics were identified for further discussion in setting the budget priorities for FY 2018-19.

1. Public Safety,
2. Transportation and Transit,
3. Neighborhoods and Housing,
4. Community Wellness and Open Space,
5. Fiscal Responsibility,
6. Infrastructure and Community Facilities Maintenance,
7. Economic Development and Job Growth,
8. Recreation, and
9. Miscellaneous.

Management Partners then facilitated a brainstorming session with Council to compile a list of priorities in each of those areas. When ideas for each area were exhausted, each Council member was given 12 dots to indicate their top priorities and were instructed to indicate whether the item should be addressed in FY 2018-19 (signified with an “A” in the dot) or in future years (signified with a “B” or left blank).

The detailed results are shown in Table 3. The top priorities from the exercise are summarized as follows:

1. **Increase police and fire presence and responsiveness; ensure appropriate public safety response with growing population** – Public Safety, 7 votes
2. **Consider Police and Fire Department capital needs (i.e., facilities and equipment)** – Public Safety, 5 votes
3. **Improve safety of all roads, streets and walkways** – Transportation and Transit, 4 votes
4. **Increase and preserve housing affordability (extremely low to moderate)** – Neighborhoods and Housing, 4 votes
5. **Park improvement upgrades** – Infrastructure and Community Facilities Maintenance, 3 votes
6. **Increase council training budget** – Miscellaneous, 3 votes
7. **Public asset acquisition, use and sale** – Miscellaneous, 3 votes

Table 3. Summary of Council Priority Brainstorm and Dot Voting Exercise

Priority	FY 2018-19	Post FY 2018-19
Public Safety		
Increase police and fire presence and responsiveness; ensure appropriate public safety response with growing population	7	-
Consider Police and Fire Department capital needs (i.e., facilities and equipment)	5	-
Enhanced public safety technology	1	-
Strategic programs for crime prevention (e.g., homelessness)	1	-
SMART safety technology solutions	-	-
Transportation and Transit		
Improve safety of all roads, streets and walkways	2	2
Increase regional partnership efforts and effectiveness (to increase roads, cross-roads, etc.)	-	-
Traffic calming plan	1	-
Comprehensive circulation study	1	-
Consider shuttle linkage	-	-
Bike sharing solutions	-	-
Neighborhoods and Housing		
Increase and preserve housing affordability (extremely low to moderate)	4	-
Incentivize homeownership (e.g., help first-time homeowners)	-	-
Community Wellness and Open Space		
Comprehensive odor control strategy (consider state legislations, community partners, and existing efforts)	1	-
City corps program (increase youth job training and work placement)	1	-
Fiscal Responsibility		
New revenue sources	1	-
Launch and aggressively use OpenGov	2	-
Be innovative in pursuing revenue sharing opportunities (e.g., utilities infrastructure, bike sharing, etc.)	-	-
Infrastructure and Community Facilities Maintenance		
Address fund deficiency issue	2	-
Funding strategy for treatment plant expansion	-	-
Enhance street tree and landscape maintenance	1	-
Reassess community facilities district fees	-	-
Park improvement upgrades [e.g., snack shack, restroom upgrades and availability]	3*	-
Economic Development and Job Growth		
Tax rebates to new companies	-	-
Plan to increase mixed use zones (mid-town)	2	-
Plan to increase economic development and job growth for current and long-term	-	-
Encourage and support revitalizing shopping center and main street	-	1
Improve interdepartmental coordination for permit processing	-	-
City branding and marketing [Visit Milpitas]	2	-
Recreation		
Use senior facility more efficiently (i.e., use for youth at night)	2	-
Senior shuttle (self-driving)	1	-
Additional programs, in general	-	-
Partner with other agencies to provide child development center services	1	-

Priority	FY 2018-19	Post FY 2018-19
Multicultural program plan	-	-
Accredited municipal staff programs	-	-
Miscellaneous		
Increase council training budget	3	-
SMART city systems	-	-
Drought-resistant landscaping and water conservation	2	-
Public asset acquisition, use and sale	3	-
Review and update City investment policy and portfolio strategy	-	-
Improve utilization of renewable energy	1	-
Council staffing	-	-
Decrease funding for sister city program to \$100	-	-
Allow Council per diem	-	2

**Includes consolidated votes from one Council member for restroom facilities at one park*

Conclusion and Next Steps


At the end of the session, participants completed workshop evaluation forms (Attachment C), and Management Partners provided an overview of next steps.

- Management Partners would prepare a summary of Council direction from the workshop and provide to staff by February 6;
- Management Partners would prepare a final project report for the City by February 28;
- City staff will update Council on the mid-year financial report and begin development of FY 2018-19 annual budget and financial forecast on February 6;
- The Council will review the preliminary FY 2018-19 annual budget and five-year capital improvement plan on April 10 and 12 (if necessary);
- A public hearing on the FY 2018-19 annual budget will be held on May 8 and 10 (if necessary); and
- At a later date, the City will determine whether to conduct similar community engagement annually or biennially.

Attachment A – Workshop PowerPoint Presentation


Milpitas Budget Priority Setting

City Council Study Session
February 3, 2018



Why Are We Here?

- Objectives
 - Review results from engagement with City Councilmembers, City staff, and community members
 - Set priorities and provide direction to staff for preparation of the FY 2018-19 annual operating and five-year capital improvement program



What Are We Going to Do?

- Introduction and Overview
- Fiscal Reality
- Results from Engagement with Council, Staff and Community
- Budget Priorities and Direction
- Conclusion and Next Steps

Project Timeline

November	December	January	February	April/May
November 6: Council Workshop to Launch Project November 15-16: Executive Staff Interviews	December 12: Discussion with Letter Groups December 27-28: City Council Interviews December 31: Councilmembers' focus group workshop	January 5 to 18: Employee Survey January 9 to 25: Community Survey January 9, 16: Community group focus group workshop January 22, 28: Community workshops	February 5: Council Workshop	April 12 and 19 (tentative): Proposed Budget to Council May 8 and 15 (tentative): Budget public hearing

Stakeholder Engagement to Date




Roles for Today's Workshop

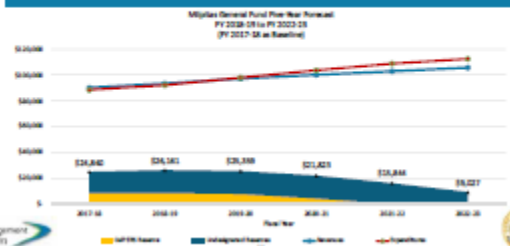
Council	City Staff	Members of the Public	Management Partners
<ul style="list-style-type: none"> • Review results from community and employee engagement • Identify budget priorities • Reach consensus on budget priorities 	<ul style="list-style-type: none"> • Review results from community and employee engagement • Listen to priorities raised • Clarify ideas raised where requested 	<ul style="list-style-type: none"> • Review results from community and employee engagement • Listen to priorities from Council • Provide input as requested by Council 	<ul style="list-style-type: none"> • Present results from engagement activities • Facilitate workshop discussion • Record outcomes from the workshop • Manage time

Ground Rules

- Be present and participate
- Be open to exploring ideas
- Be willing to hear everyone's opinions
- Keep distractions to a minimum (i.e., set cell phones to vibrate)



Do you have any questions?

Management Partners

Highland During Community Workshops		
Transportation Accessibility <ul style="list-style-type: none"> • Major transportation corridors • Increasing travel solutions • Challenging traffic issues 	Safe and Peaceful <ul style="list-style-type: none"> • Police and the responsiveness • Court • Strong neighborhood • Emergency preparedness (including utility infrastructure) 	Responsibility <ul style="list-style-type: none"> • Environmental preservation • Utilization, space space and parks • Social and environmental transparency • Local planning and management
Cultural and Ethnic Diversity <ul style="list-style-type: none"> • Connections, sense of community • Acceptance, inclusivity, openness, welcoming • Discrimination • Respect 	Family Focus <ul style="list-style-type: none"> • Education system • Small towns feel • Youth • Age-friendly 	Economic Opportunity <ul style="list-style-type: none"> • Jobs • Entrepreneurial spirit • Affordability • Small business retention • Retail and shopping

Gender

The pie chart shows the gender distribution of respondents: Male (52%) and Female (32%). The remaining 16% of respondents did not answer the question.

Ethnicity

Answer Choice	Count	Percent
American/Native American	8	3%
Asian/Pacific Islander	187	55%
Black/African American	9	3%
Hispanic/Latino	11	3%
White/Caucasian	121	33%
Other	18	5%
Prefer not to answer/No response	138	38%

"Your respondent(s) identified as:"

Only 1% of the sales tax + Only 10% of the property taxes paid + Fees for services (planning, building, recreation, utilities, etc.) = Police, fire, parks, sanitation, streets, local area development

Opportunities	Threats
<ul style="list-style-type: none"> Continued growth and development BART station opening June 2018 (tentative) Sales taxes trending positively 	<ul style="list-style-type: none"> Aging infrastructure Rising CalPERS costs The next recession

What defines Milpitas?

What is most important for Milpitas?

What are the most pressing priorities in the next three to five years?

Community Survey

- Total Responses = 568
- 79% live in Milpitas
- 14% shop/do business in Milpitas
- 8% work in Milpitas

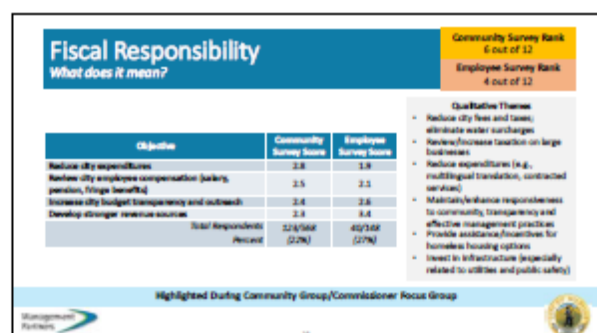
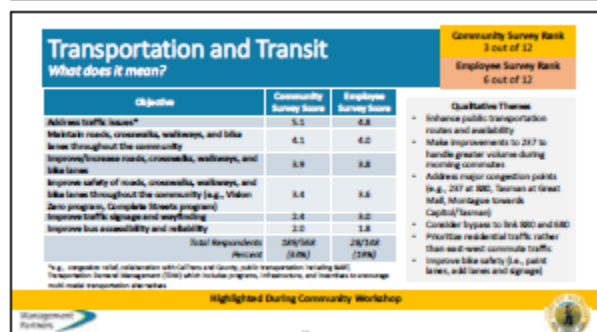
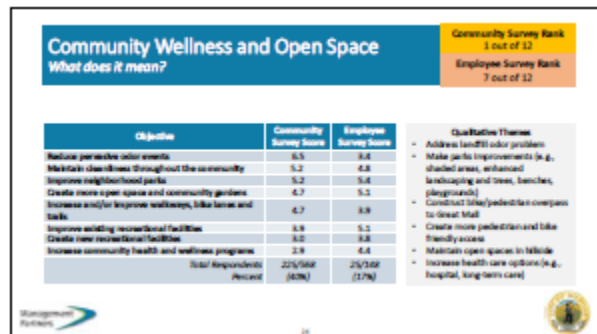
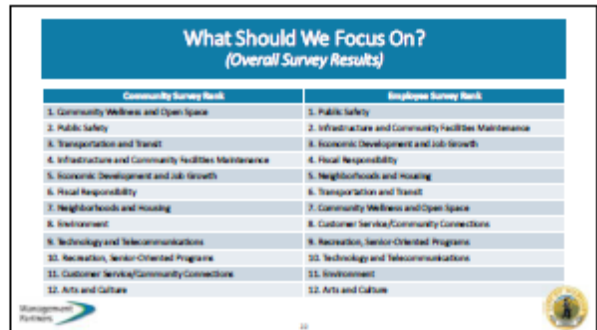
- Total responses = 148

Age

Age Group	Percentage
65 and over	77
55 to 65	77
45 to 55	10
35 to 45	111
25 to 35	67
18 to 25	13
Under 18	2
Prefer not to answer / no response	141

Median Income

Income Group	Percentage
\$100,000 and more	108
\$50,000 to \$100,000	67
\$20,000 to \$50,000	68
\$7,500 to \$20,000	33
\$3,000 to \$7,500	26
\$750 to \$3,000	36
Less than \$750	11
Prefer not to answer / no response	109



Neighborhoods and Housing

What does it mean?

Community Survey Rank: 7 out of 12
Employee Survey Rank: 5 out of 12

Objective	Community Survey Score	Employee Survey Score
Improve housing affordability	6.2	6.5
Support long-range and current planning for neighborhoods and housing	5.4	5.8
Improve housing conditions	6.7	6.7
Reduce housing overcrowding (e.g., lower-density housing)	4.6	4.6
Increase housing opportunities (e.g., new development, high-density housing)	4.0	4.8
Encourage greater accountability of landlords	5.9	5.6
Improve tenant rights	5.4	6.5
Increase code enforcement	5.4	6.5
Total Respondents	86,548	29,748
Percent	(79%)	(77%)

Qualitative Themes:

- Focus on very low and low-income housing
- Require inclusively affordable housing for new developments
- Address overcrowding and higher population impacts (e.g., schools, traffic, noise)
- Increase senior housing
- Explore community land trusts to address housing issues
- Build community awareness and identity
- Beautify the City

Highlighted During Community Group/Commissioner Focus Group

Environment

What does it mean?

Community Survey Rank: 8 out of 12
Employee Survey Rank: 11 out of 12

Objective	Community Survey Score	Employee Survey Score
Develop a comprehensive sustainability strategic action plan (climate action plan, green building, solid waste, water conservation/recycling)	5.7	6.5
Improve solid waste (garbage) handling	4.9	4.5
Increase recycling efforts	6.5	6.4
Encourage community-wide investment in solar power	4.2	5.2
Encourage investment in green building standards	4.2	5.9
Improve the city's water conservation efforts	4.2	2.8
Increase community-wide water conservation efforts	4.2	3.9
Develop and implement a community-wide climate action plan	4.0	5.5
Total Respondents	86,548	11,748
Percent	(79%)	(79%)

Qualitative Themes:

- Address solar issues from benefits
- Focus on bringing high-use parks, reducing irrigation in commercial areas
- Replace city vehicles with alternative fuel/electric/hybrid models
- Require solar panels and energy-efficient work for new construction
- Encourage investment in clean, efficient, and renewable energy (e.g., reduce CO2 emissions)
- Keep the City clean (e.g., sewage, water, garbage, litter)

Highlighted During Community Group/Commissioner Focus Group

Technology and Telecommunications

What does it mean?

Community Survey Rank: 9 out of 12
Employee Survey Rank: 10 out of 12

Objective	Community Survey Score	Employee Survey Score
Encourage investment in community-wide availability of high-speed internet services	4.4	2.5
Encourage improvements in community-wide availability of wireless communications (e.g., cell phone service, 4G, Wi-Fi hotspots)	2.6	2.0
Modernize the city's technology for operations and customer service	2.1	2.9
Improve the city's use of existing technology	1.9	2.5
Total Respondents	47,548	14,748
Percent	(9%)	(9%)

Qualitative Themes:

- Provide municipal internet
- Improve fiber availability (e.g., AT&T, Google)
- Update the city's use of technology (e.g., manual streetlights)

Highlighted During Community Group/Commissioner Focus Group

Recreation, Senior-Oriented and Youth-Oriented Programs

What does it mean?

Community Survey Rank: 10 out of 12
Employee Survey Rank: 9 out of 12

Objective	Community Survey Score	Employee Survey Score
Improve/increase community centers, programs and events	5.7	7.1
Improve/increase sports and recreational facilities	5.9	6.6
Improve community educational resources	4.9	5.2
Increase youth-oriented classes and programs	4.6	4.0
Increase collaboration with schools for youth education and/or after-school programs	4.1	3.6
Increase outreach and engagement to seniors on facilities impacting them	3.8	4.1
Increase senior-oriented classes and programs	3.8	3.6
Increase the outreach and engagement to youth on facilities impacting them	3.7	3.9
Total Respondents	47,548	14,748
Percent	(79%)	(99%)

Qualitative Themes:

- Create more opportunities for residents to exercise
- Ensure parks are well-maintained
- Expand programs and hours for seniors
- Expand programs for youth (including music programs)
- Create separate Class A bike lanes
- Expand parks and recreational facilities and access (e.g., pools)
- Improve public use of facilities (including joint-use agreements)

Highlighted During Community Group/Commissioner Focus Group

Customer Service/Community Connections

What does it mean?

Community Survey Rank: 11 out of 12
Employee Survey Rank: 8 out of 12

Objective	Community Survey Score	Employee Survey Score
Improve transparency of policy and decision-making actions	5.3	6.5
Improve information availability to residents	5.7	5.8
Develop employee knowledge and skills	6.7	5.5
Improve efficiency (streamline efforts, adopt best practices)	4.7	4.8
Improve connections with working families	4.4	5.1
Increase response and/or accessibility of city services	4.9	4.9
Improve accessibility to different languages	4.4	4.5
Improve efficiency in planning, building, and land development permitting	2.9	3.0
Total Respondents	16,548	2,748
Percent	(9%)	(77%)

Qualitative Themes:

- Publicly recognize the contributions to community (individuals, groups, or staff)
- Provide responsiveness
- Improve employee customer service skills from a spirit of serving the public

Highlighted During Community Group/Commissioner Focus Group

Arts and Culture

What does it mean?

Community Survey Rank: 12 out of 12
Employee Survey Rank: 12 out of 12

Objective	Community Survey Score	Employee Survey Score
Increase support for art and cultural institutions, events, programs, local resources	4.4	3.6
Create a cultural center for youth	3.7	2.8
Encourage new music and public art	3.6	3.8
Support culture and art reflective of the community's cultural identity	3.5	3.0
Create opportunities to celebrate cultural identity	2.9	4.2
Preserve the community's historic resources	2.9	3.6
Total Respondents	16,548	14,748
Percent	(79%)	(99%)

Qualitative Themes:

- Support more community events to bring the community together (e.g., festival, sports events)
- Increase community gardens
- Support opportunities to celebrate diversity
- Create a place for city's cultural identity (e.g., downtown, arts and culture district)
- Support multi-cultural arts and entertainment events
- Support historic preservation
- Increase nightlife opportunities

Highlighted During Community Group/Commissioner Focus Group

Higher for Community; Lower for Employees

- Community Wellness and Open Space

Higher for Community; Higher for Employees

- Public Safety
- Infrastructure and Community Facilities Maintenance
- Transportation and Transit
- Economic Development and Job Growth
- Racial Responsibility

Higher if ranked as top 5; Lower if ranked as bottom 5

Lower for Community; Lower for Employees

- Recreation, Senior-Oriented Programs and Youth-Oriented Programs
- Technology and Telecommunications
- Recreation
- Customer Service/Community Connections
- Arts and Culture

Lower for Community; Higher for Employees

- Neighborhoods and Housing

Highlighted During Community Group/Commissioner Focus Group

Community Workshop Exercise

Each participant was given \$300,000 to allocate among the 12 priority areas

Priority Area	Community Survey Rank	Employee Survey Rank
Arts and Culture	12 out of 12	12 out of 12
Community Wellness and Open Space	11 out of 12	11 out of 12
Customer Service/Community Connections	11 out of 12	8 out of 12
Economic Development and Job Growth	10 out of 12	10 out of 12
Environment	8 out of 12	11 out of 12
Racial Responsibility	9 out of 12	9 out of 12
Infrastructure and Community Facilities Maintenance	9 out of 12	9 out of 12
Neighborhoods and Housing	7 out of 12	5 out of 12
Public Safety	6 out of 12	6 out of 12
Recreation, Senior-Oriented Programs, and Youth-Oriented Programs	10 out of 12	9 out of 12
Technology and Telecommunications	9 out of 12	10 out of 12
Transportation and Transit	10 out of 12	10 out of 12

Highlighted During Community Group/Commissioner Focus Group



Identifying Budget Priorities

What are the budget priorities that should be considered for FY 2018-19 and over the next five years?

Highlighted During Community Group/Commissioner Focus Group




Establishing Budget Priorities

What is the consensus of the Council on the prioritization for each strategy identified?

- > Use dots to identify what you think should be a budget priority
- > Place your dot in the column for when you think the priority should be worked upon:
 - > FY 2018-19 (this year)
 - > FY 2019-20 (next year)
 - > Thereafter

PRIORITIES

- 1.
- 2.
- 3.





Final Direction

Does the City Council wish to provide any further direction to staff in preparing the preliminary FY 2018-19 annual budget and financial forecast?




Next Steps



- **Management Partners**
 - Prepare summary of City Council direction from today's workshop and provide to staff (February 6)
 - Prepare final project report (February 28)
- **City Staff**
 - Mid-year (2nd quarter) financial report (February 6)
 - Begin development of FY 2018-19 annual budget and financial forecast (February 6)
 - Operating budget
 - Capital Improvement Plan
 - Review preliminary FY 2018-19 annual budget and five-year CIP plan (April 10 and 12 – tentative)
 - Public hearing on annual budget (May 8 and 10 – tentative)
- **Future Budget Priority Sessions**
 - Consider annual vs. biennial budget priority sessions



Please complete the brief workshop evaluation form.



THANK YOU!!



Attachment B – Employee and Community Survey Summary

Management Partners administered a confidential employee survey and community survey as a part of a larger effort to solicit stakeholder input for the City’s budget priority setting process. The respondents were asked to indicate areas that they consider to be the most important for the City of Milpitas to focus on for the next five years by selecting the top three priorities.

The community survey opened on January 9, 2018 and closed on January 23, 2018. The survey closed with 568 responses from community members.

The employee survey opened on January 5, 2018 and closed on January 19, 2018. The survey closed with 148 responses from employees, which represents 41% of the total employees (363.25 funded permanent positions).

The following sections summarize the survey responses in detail.

Respondent Characteristics

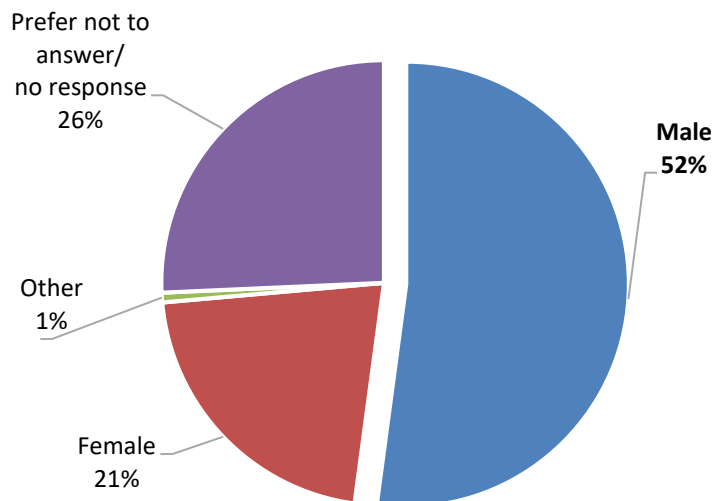
Community Survey

Most respondents of the community survey identify as Milpitas residents (79%, Table 4) and male (52%, Figure 10). Most respondents did not provide a response about their ethnicity (Table 5), age (Figure 11), and household income (Figure 12).

Table 4. Relationship to Milpitas (check all applicable)

Answer Choices	Count	Percent
Milpitas resident	447	79%
Student	8	1%
Work in Milpitas	47	8%
Business owner in Milpitas	18	3%
Shop/do business in Milpitas	82	14%
City employee	0	0%
Other (please specify)	18	3%
No Response	106	19%
Total	568	

Figure 10. Gender

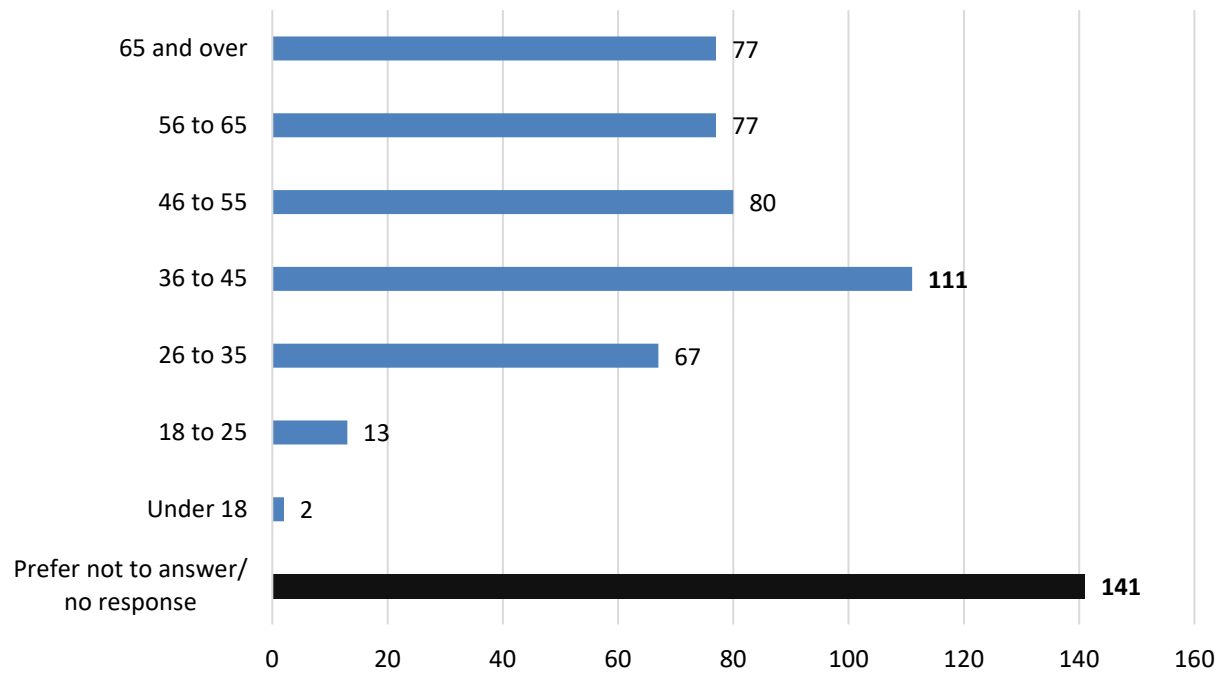


Note: Based on 568 total responses.

Table 5. Ethnicity

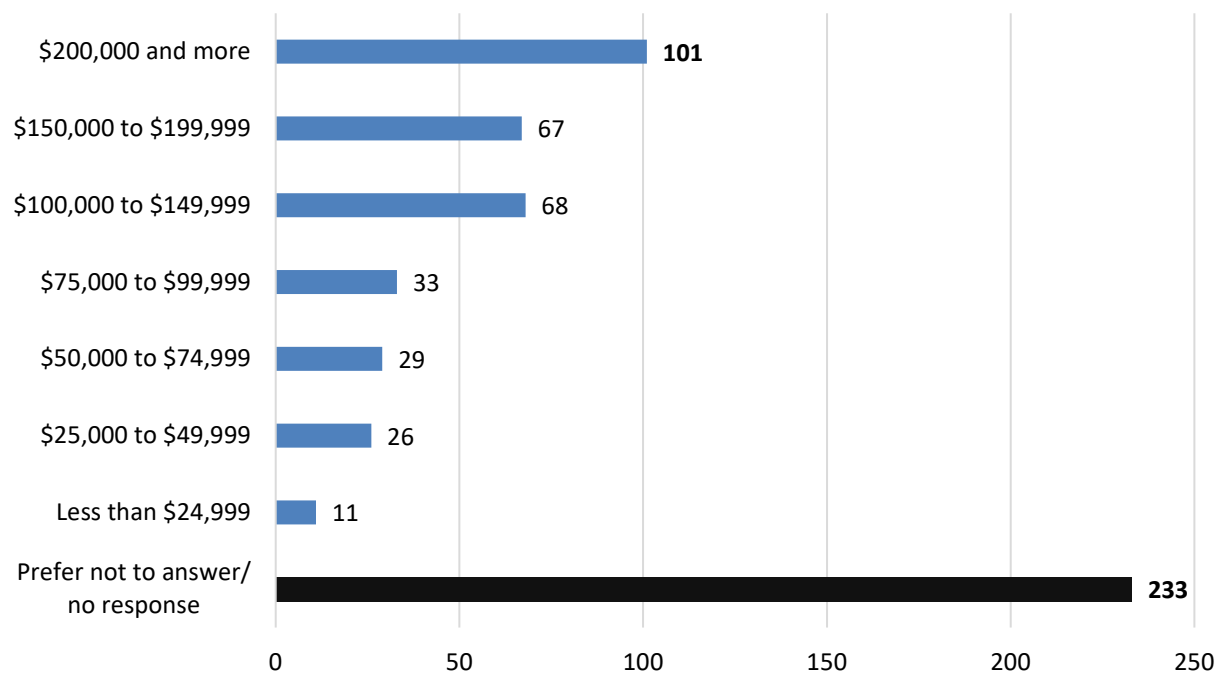
Answer Choices	Count	Percent
American/Native American	8	1%
Asian/Pacific Islander	197	35%
Black/African American	3	1%
Hispanic/Latino	11	2%
White/Caucasian	127	22%
Other	18	3%
Prefer not to answer/no response	204	36%
Total	568	

Figure 11. Age



Note: Based on 568 total responses.

Figure 12. Household Income



Note: Based on 568 total responses.

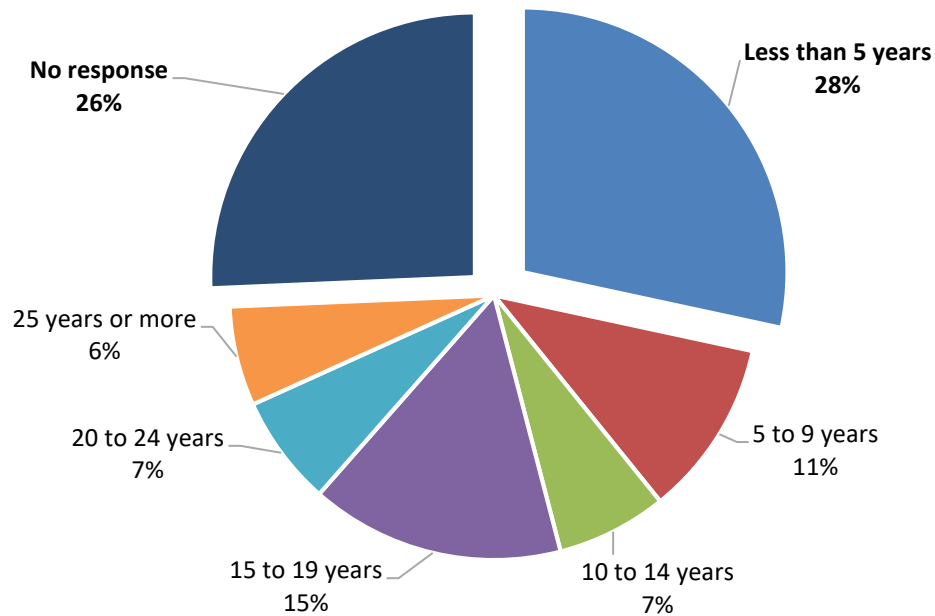
Employee Survey

Most respondents did not identify the department they work in (32%), but of those that identified their department, most work for the Fire or Police departments (Table 6). Most respondents of the employee survey have worked for the City less than 5 years (Figure 13), but had no response on how long they have worked in local government (Figure 14). Those that responded had an almost even distribution of total local government careers ranging from less than 5 years to 25 years or more.

Table 6. Please Identify the Department You Work In

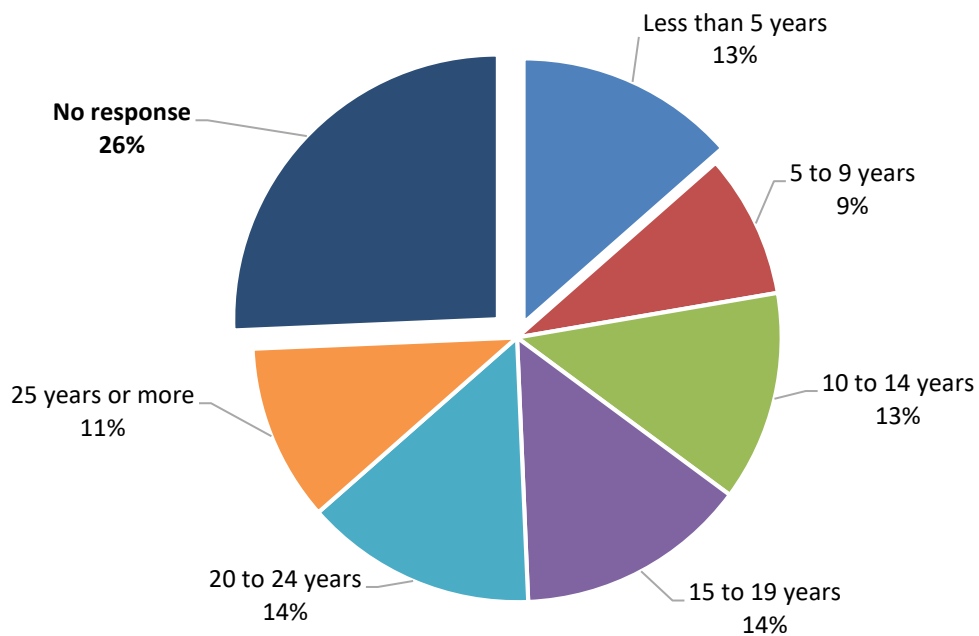
Answer Choices	Count	Percent
Building and Safety	5	3%
City Attorney	0	0%
City Clerk	1	1%
City Manager	0	0%
Economic Development	4	3%
Engineering	8	5%
Finance	4	3%
Fire	31	21%
Human Resources	1	1%
Information Services	4	3%
Planning and Neighborhood Services	5	3%
Police	25	17%
Public Works	5	3%
Recreation Services	8	5%
No response	47	32%
Total	148	

Figure 13. Please indicate how long you have been employed with the City of Milpitas throughout your career.



Note: Based on 148 total responses.

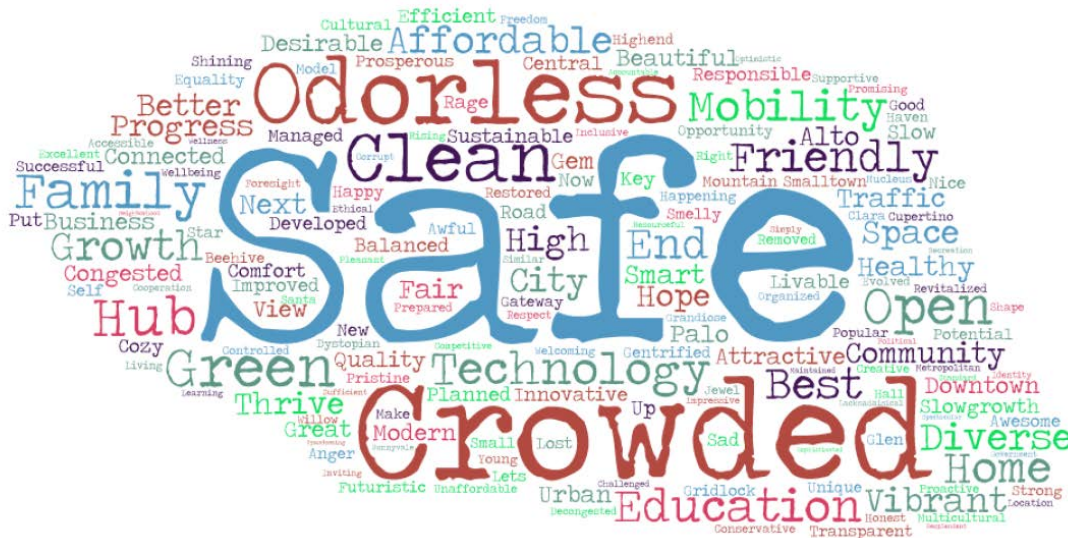
Figure 14. How long have you been employed in local government in total?



Note: Based on 148 total responses.

What is one word that describes your vision of Milpitas in five years?

Figure 15. Community Survey Vision Word Cloud

[illegible]

Priority Areas of Focus

Respondents of community and employee surveys were asked to indicate the top three areas they consider to be the most important for the City of Milpitas to focus on over the next five years. The results have been summarized through a weighted scoring system. Each response was weighed by three times if top priority, two times if second priority, and one time if third priority. Table 7 shows the rank and scores for the community and employee surveys.

The top areas by the community survey are community wellness and open space, public safety, and transportation and transit. Top areas by the employee survey are public safety, infrastructure and community facilities maintenance and economic development and job growth.

Table 7. Priority Area Ranking Results (Community and Employee Survey)

Community Survey Rank (weighted score* based on 568 responses)	Employee Survey Rank (weighted score* based on 148 responses)
1. Community Wellness and Open Space (503)	1. Public Safety (233)
2. Public Safety (472)	2. Infrastructure and Community Facilities Maintenance (122)
3. Transportation and Transit (409)	3. Economic Development and Job Growth (84)
4. Infrastructure and Community Facilities Maintenance (368)	4. Fiscal Responsibility (75)
5. Economic Development and Job Growth (355)	5. Neighborhoods and Housing (60)
6. Fiscal Responsibility (246)	6. Transportation and Transit (58)
7. Neighborhoods and Housing (220)	7. Community Wellness and Open Space (41)
8. Environment (197)	8. Customer Service/Community Connections (37)
9. Technology and Telecommunications (192)	9. Recreation, Senior-Oriented Programs (35)
10. Recreation, Senior-Oriented Programs (93)	10. Technology and Telecommunications (26)
11. Customer Service/Community Connections (76)	11. Environment (25)
12. Arts and Culture (36)	12. Arts and Culture (18)

Note: Not all respondents provided all three priorities (i.e., some provided only their top or top two priorities).

**Weight multiplier: top priority: x3; second priority: x2; third priority: x1*

Detailed Responses for Each Priority Area

The respondents were asked to provide detailed feedback for each area they selected as one of their top priorities. Respondents were given the option to rank specific objectives from most important to least important in addressing the issue over the next five years.

The detailed results of each priority area in the following sections are organized by

- Priority area ranking by community survey and employee survey
(as indicated in the previous section of this document)
- Weighted average results
(Responses have been weighed by the order of rank. The number of objectives indicate the maximum score for this measure.)
- Qualitative themes from open-ended responses

Public Safety

Community Survey Rank: 2 of 12

Employee Survey Rank: 1 of 12

Table 8 summarizes the objective ranking exercise for this priority area.

Table 8. Public Safety Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 5)	Employee Weighted Average (max score = 5)
Increase police patrols/presence	4.1	3.8
Increase crime prevention programs	4.0	2.8
Improve fire emergency responses	2.5	3.5
Increase community engagement on public safety issues	2.3	2.5
Increase fire prevention programs	2.0	2.4
Responses received (percent)	206/568 (36%)	85/148 (57%)

Qualitative Themes from Open-Ended Comments

1. Focus on crime prevention initiatives (e.g., neighborhood watch, mail/package theft)
2. Increase police presence (e.g., in BART station area)
3. Use cameras to deter and detect criminal activity
4. Improve emergency preparedness programs

Community Wellness and Open Space

Community Survey Rank: 1 of 12

Employee Survey Rank: 7 of 12

Table 9 summarizes the objective ranking exercise for this priority area.

Table 9. Community Wellness and Open Space Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Reduce pervasive odor events	6.5	3.4
Maintain cleanliness throughout the community	5.2	4.8
Improve neighborhood parks	5.2	5.4
Create more open space and community gardens	4.7	5.1
Increase and/or improve walkways, bike lanes and trails	4.7	3.9
Improve existing recreational facilities	3.9	5.1
Create new recreational facilities	3.0	3.8
Increase community health and wellness programs	2.9	4.4
Responses received (percent)	225/568 (40%)	25/148 (17%)

Qualitative Themes from Open-Ended Comments

1. Address landfill odor problem
2. Make parks improvements (e.g., shaded areas, enhanced landscaping and trees, benches, playgrounds)
3. Construct bike/pedestrian overpass to Great Mall
4. Create more pedestrian and bike friendly access
5. Maintain open spaces in hillside
6. Increase health care options (e.g., hospital, long-term care)

Infrastructure and Community Facilities Maintenance

Community Survey Rank: 4 of 12

Employee Survey Rank: 2 of 12

Table 10 summarizes the objective ranking exercise for this priority area.

*Table 10. Infrastructure and Community Facilities Maintenance Detailed Response Summary
(Community and Employee Surveys)*

Objective	Community Weighted Average (max score = 7)	Employee Weighted Average (max score = 7)
Maintain and improve water systems	5.2	5.1
Maintain and improve sewer systems	5.1	4.8
Maintain and improve street trees and landscaping throughout the community	4.4	3.7
Maintain and improve storm drains	4.2	4.4
Maintain and improve other public facilities	3.3	4.2
Increase lighting in public spaces	3.2	2.9
Ensure that public facilities and related infrastructure are energy efficient	2.6	3.0
Responses received (percent)	183/568 (32%)	60/148 (41%)

Qualitative Themes from Open-Ended Comments

1. Replace and repair aging infrastructure, (e.g., water and sewer)
2. Address water system improvements (e.g., reduce potable water losses, water testing)
3. Repair and improve street surfaces (e.g., potholes, cracks)
4. Repair sidewalks
5. Find alternative landfill site
6. Improve parks infrastructure (e.g., landscaping, maintenance, tennis courts)

Transportation and Transit

Community Survey Rank: 3 of 12

Employee Survey Rank: 6 of 12

Table 11 summarizes the objective ranking exercise for this priority area.

Table 11. Transportation and Transit Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 6)	Employee Weighted Average (max score = 6)
Address traffic issues*	5.1	4.8
Maintain roads, crosswalks, walkways, and bike lanes throughout the community	4.1	4.0
Improve/increase roads, crosswalks, walkways, and bike lanes	3.9	3.8
Improve safety of roads, crosswalks, walkways, and bike lanes throughout the community (e.g., Vision Zero program, Complete Streets program)	3.4	3.6
Improve traffic signage and wayfinding	2.4	3.0
Improve bus accessibility and reliability	2.0	1.8
Responses received (percent)	189/568 (33%)	28/148 (19%)

**E.g., congestion relief, collaboration with CalTrans and County, public transportation including BART, Transportation Demand Management (TDM) which includes programs, infrastructure, and incentives to encourage multi-modal transportation alternatives*

Qualitative Themes from Open-Ended Comments

1. Enhance public transportation routes and availability
2. Address major congestion points (e.g., 237 at 880, Tasman at Great Mall, Montague towards Capitol/Tasman)
3. Make improvements to 237 to handle greater volume during morning commutes
4. Consider bypass to link 880 and 680
5. Prioritize residential traffic rather than east-west commute traffic
6. Improve bike safety (i.e., paint lanes, add lanes and signage)

Economic Development and Job Growth

Community Survey Rank: 5 of 12

Employee Survey Rank: 3 of 12

Table 12 summarizes the objective ranking exercise for this priority area.

Table 12. Economic Development and Job Growth Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Support long-range and current planning for economic development and job growth	6.2	6.4
Support revitalization of shopping centers and Main Street	6.1	6.2
Increase high wage jobs in high tech/manufacturing	4.8	3.7
Support development of retail businesses	4.7	5.6
Promote small and/or minority owned businesses	4.4	4.2
Improve the city's image through positive marketing	3.7	3.7
Increase youth job training and work placement	3.2	2.8
Improve vocational training opportunities	3.1	3.3
Responses received (percent)	161/568 (28%)	36/148 (24%)

Qualitative Themes from Open-Ended Comments

1. Attract high tech companies to improve wage opportunities
2. Enhance business/office opportunities in civic center area and at BART station
3. Develop economic development vision and strategic plan
4. Increase small business presence

Fiscal Responsibility

Community Survey Rank: 6 of 12

Employee Survey Rank: 4 of 12

Table 13 summarizes the objective ranking exercise for this priority area.

Table 13. Fiscal Responsibility Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 4)	Employee Weighted Average (max score = 4)
Reduce city expenditures	2.8	1.9
Review city employee compensation (salary, pension, fringe benefits)	2.5	2.1
Increase city budget transparency and outreach	2.4	2.6
Develop stronger revenue sources	2.3	3.4
Responses received (percent)	123/568 (22%)	40/148 (27%)

Qualitative Themes from Open-Ended Comments

1. Reduce city fees and taxes; eliminate water surcharges
2. Review/increase taxation on large businesses
3. Reduce expenditures (e.g., multilingual translation, contracted services)
4. Maintain/enhance responsiveness to community, transparency and effective management practices
5. Provide assistance/incentives for homeless housing options
6. Invest in infrastructure (especially related to utilities and public safety)

Neighborhoods and Housing

Community Survey Rank: 7 of 12

Employee Survey Rank: 5 of 12

Table 14 summarizes the objective ranking exercise for this priority area.

Table 14. Neighborhoods and Housing Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Improve housing affordability	6.2	6.5
Support long-range and current planning for neighborhoods and housing	5.4	5.8
Improve housing conditions	4.7	3.7
Reduce housing overcrowding (e.g., lower-density housing)	4.6	3.6
Increase housing opportunities (e.g., new development, high-density housing)	4.0	4.8
Encourage greater accountability of landlords	3.9	3.4
Improve tenant rights	3.9	3.7
Increase code enforcement	3.4	4.5
Responses received (percent)	93/568 (16%)	25/148 (17%)

Qualitative Themes from Open-Ended Comments

1. Focus on very-low and low-income housing
2. Require inclusionary affordable housing for new developments
3. Address overcrowding and higher population impacts (e.g., schools, traffic, noise)
4. Increase senior housing
5. Explore community land trusts to address housing issues
6. Build community awareness and identity
7. Beautify the City

Environment

Community Survey Rank: 8 of 12

Employee Survey Rank: 11 of 12

Table 15 summarizes the objective ranking exercise for this priority area.

Table 15. Environment Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Develop a comprehensive sustainability strategic action plan (climate action plan, green building, solid waste, water conservation/recycling)	5.7	6.5
Improve solid waste (garbage) handling	4.9	3.5
Increase recycling efforts	4.5	3.3
Encourage community-wide investment in solar power	4.2	5.2
Encourage investment in green building standards	4.2	5.9
Improve the city's water conservation efforts	4.2	2.3
Increase community-wide water conservation efforts	4.2	3.9
Develop and implement a community-wide climate action plan	4.0	5.5
Responses received (percent)	89/568 (16%)	11/148 (7%)

Qualitative Themes from Open-Ended Comments

1. Address odor issues from landfill
2. Focus on irrigating high-use parks, reducing irrigation in commercial areas
3. Replace city vehicles with alternative fuel/electric/hybrid models
4. Require solar panels and energy-efficient roofs for new construction
5. Encourage investment in clean, efficient, and renewable energy (i.e., reduce CO2 emissions)
6. Keep the City clean (e.g., sewage, water, garbage, streets)

Technology and Telecommunications

Community Survey Rank: 9 of 12

Employee Survey Rank: 10 of 12

Table 16 summarizes the objective ranking exercise for this priority area.

Table 16. Technology and Telecommunications Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 4)	Employee Weighted Average (max score = 4)
Encourage improvement in community-wide availability of high-speed internet services	3.4	2.5
Encourage improvements in community-wide availability of wireless communications (e.g., cell phone service, 4G, wi-fi hotspots)	2.6	2.0
Modernize the city's technology for operations and customer service	2.1	2.9
Improve the city's use of existing technology	1.9	2.5
Responses received (percent)	47/568 (8%)	13/148 (9%)

Qualitative Themes from Open-Ended Comments

1. Provide municipal internet
2. Improve fiber availability (e.g., AT&T, Google)
3. Update the City's use of technology for efficiency (e.g., manual timesheets)

Recreation, Senior-Oriented and Youth-Oriented Programs

Community Survey Rank: 10 of 12

Employee Survey Rank: 9 of 12

Table 17 summarizes the objective ranking exercise for this priority area.

*Table 17. Recreation, Senior-Oriented and Youth-Oriented Programs Detailed Response Summary
(Community and Employee Surveys)*

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Improve/increase community centers, programs and events	5.7	7.1
Improve/increase sports and recreational facilities	5.3	6.6
Improve community educational resources	4.9	3.2
Increase youth-oriented classes and programs	4.6	4.0
Increase collaboration with schools for youth education and/or after-school programs	4.3	3.6
Increase outreach and engagement to seniors on matters impacting them	3.8	4.1
Increase senior-oriented classes and programs	3.8	3.6
Increase the outreach and engagement to youth on matters impacting them	3.7	3.9
Responses received (percent)	41/568 (7%)	14/148 (9%)

Qualitative Themes from Open-Ended Comments

1. Create more opportunities for residents to exercise
2. Ensure parks are well maintained
3. Expand programs and hours for seniors
4. Expand programs for youth (including music programs)
5. Create separate Class A bike lanes
6. Expand parks and recreational facilities and access (e.g., pools)
7. Improve public use of facilities (including joint-use agreements)

Customer Service/Community Connections

Community Survey Rank: 11 of 12

Employee Survey Rank: 8 of 12

Table 18 summarizes the objective ranking exercise for this priority area.

Table 18. Customer Service/Community Connections Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 8)	Employee Weighted Average (max score = 8)
Improve transparency of policy- and decision-making actions	6.3	4.5
Improve information availability to residents	5.7	5.6
Develop employee knowledge and skills	4.7	5.5
Improve efficiency (streamline efforts, adopt best practices)	4.7	4.8
Improve connections with working families	4.4	3.1
Increase/improve online accessibility of city services	3.9	4.9
Improve accessibility in different languages	3.4	4.5
Improve efficiency in planning, building, and land development permitting	2.9	3.0
Responses received (percent)	19/568 (3%)	17/148 (11%)

Qualitative Themes from Open-Ended Comments

1. Publicly recognize the contributions to community (individuals, groups, or staff)
2. Prioritize responsiveness
3. Improve employee customer service skills from a spirit of serving the public

Arts and Culture

Community Survey Rank: 12 of 12

Employee Survey Rank: 12 of 12

Table 19 summarizes the objective ranking exercise for this priority area.

Table 19. Arts and Culture Detailed Response Summary (Community and Employee Surveys)

Objective	Community Weighted Average (max score = 6)	Employee Weighted Average (max score = 6)
Increase support for art and cultural institutions, events, programs, local museums	4.4	3.6
Create a cultural center for youth	3.7	2.8
Encourage new murals and public art	3.6	3.8
Support culture and art reflective of the community's cultural diversity	3.5	3.0
Create opportunities to celebrate cultural diversity	2.9	4.2
Preserve the community's historic resources	2.9	3.6
Responses received (percent)	14/568 (2%)	14/148 (9%)

Qualitative Themes from Open-Ended Comments

1. Support more community events to bring the community together (e.g., festival, sports events)
2. Increase community gardens
3. Support opportunities to celebrate diversity
4. Create a place for City's cultural identity (e.g., downtown, arts and culture district)
5. Support multi-cultural arts and entertainment events
6. Support historic preservation
7. Enhance nightlife opportunities

Attachment C – Workshop Evaluations

City of Milpitas

Budget Priority Setting

Council Workshop

February 3, 2018

Consolidated Workshop Evaluation Comments

The best thing about this workshop was...

- **Council**
 - That the moderators listened
 - Comment input
 - Interaction; data/surveys
 - Moderator's tie
 - Council focus
- **Staff**
 - The results of the community engagement process
 - Getting Council direction before budget starts
 - Well organized and professionally conducted; opportunity to hear from Council in less formal setting than Council meeting; moderator's tie
 - Providing direction to the Council about their role in the process; facilitating the direction of the Council
 - Education; open dialogue
 - The leadership and knowledge in facilitating the workshop with Council

Some thing(s) that could have been better...

- **Council**
 - Outreach to community
 - Lunch options
 - Focus group demographics could be more diverse
- **Audience/Staff**
 - Holding this meeting during work week
 - A little long time for Council discussion
 - Nothing! good job
 - Better preplan for questions
 - Discussion about what to do with projects already in progress
 - How staff's priorities will work with the Council's direction (dots). Dots were limited to a few items whereas we have to complete a lot more
 - Staying and keeping on track with Council; not much to improve on

Overall *usefulness* of the workshop

Rating	Not Useful (1)	(2)	(3)	(4)	Very Useful (5)
Responses				Council: 2 Staff: 1	Council: 3 Staff: 6

Overall *quality* of the workshop

Rating	Poor Quality (1)	(2)	(3)	(4)	High Quality (5)
Responses				Council: 2 Staff: 1	Council: 3 Staff: 6

Overall *quality* of workshop materials

Rating	Poor Quality (1)	(2)	(3)	(4)	High Quality (5)
Responses			Council: 1	Council: 2 Staff: 1	Council: 2 Staff: 6

OTHER COMMENTS

- **Council**
 - Moderator is outstanding
- **Audience/Staff**
 - Loved working with the consultants
 - Thank you for keeping us on time!

City of Milpitas
Budget Priority Setting
Community Workshops
January 22 and 23, 2018

Consolidated Workshop Evaluation Comments

The best thing about this workshop was...

- Learning about the “tough choices” that our elected officials have to make for our City budget with limited resources; very informative; thank you
- That it was well presented and explained
- Enlightening, knowledgeable personnel
- The openness of the participants
- Hearing what other people’s priorities were (and the Reese’s candy bar)
- Gives citizens an overview of how a city budget is prepared
- Discussions
- Open to opinion on city matters
- Participation from the community
- It happened

Some thing(s) which could have been better...

- Not sure; staff were good, limited time
- Too many categories
- More time
- If we could have more stickers to put weights on the other priorities
- We can read the slides – maybe less exploring about the plan behind the process and more on the actions requested of us to speed things up. Also, some clarity on the difference between the steps (for example, values wasn’t clear to discuss at such a broad level because of all the sub categories offered. Made steps 1 and 2 seem repetitive)
- Too long and not enough input as to choices; no coffee
- No youth represented; have a facilitator run the table; set budget for proposed projects, and be more prescriptive on what s being proposed; tax proposals could give you more money to spend on projects; look at revenue options and expense options
- Discussion about raising revenue, not just spending

Overall *usefulness* of the workshop:

Rating	Not Useful (1)	(2)	(3)	(4)	Very Useful (5)
Responses	0	1	4	2	4

Overall *quality* of the workshop:

Rating	Poor Quality (1)	(2)	(3)	(4)	High Quality (5)
Responses	0	0	4	2	5

Overall *quality* of workshop materials:

Rating	Poor Quality (1)	(2)	(3)	(4)	High Quality (5)
Responses	0	0	2	5	4

OTHER COMMENTS:

- Could be a bit more detailed on the “breakdown numbers” and categorizing programs
- I wish to join the task force to search for the right (needed) solutions for the probable issues (problems).
- Publicize on “NextDoor” for participation (app to connect neighbors)

CITY OF MILPITAS FISCAL YEAR 2018-2019 WORK PLAN

GOALS		FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS	
CSA: Public Safety The City of Milpitas will continue to be one of the safest cities in the nation.			
<ul style="list-style-type: none">Develop an accurate forecast of public safety resource needs based on best practice standards of service to determine which programs investments could have the greatest impact on crime reduction, and emergency response outcomes	<ul style="list-style-type: none">Conduct a Police staffing needs assessment, supported by industry experts to provide an analysis of the Department's workload, deployment, and staffing needs. This multi-year forecast will develop multi-year plan for City Council review to optimize resource deployment to best serve the citizens of Milpitas.	<ul style="list-style-type: none">Ensure that the Milpitas Fire Department can meet response standards by adding resources based on analysis to target resources to have the greatest impact. Conduct a Fire Department Standards of Response Coverage (SOC), or deployment study, to determine fire station locations and crew/apparatus staffing to meet the unique needs of Milpitas today and in the years ahead. This collaboratively developed study will be finalized in advance of the FY 2019-2020 operating budget, and prior to new equipment apparatus deployment.	
<ul style="list-style-type: none">Maintain excellent facilities, invest in state of the art apparatus, equipment, and technology, provide data analysis, and other information to support line and command staff	<ul style="list-style-type: none">In the Police Department operationalize Tri-Tech Software Systems to replace outdated record management system by 2019.Complete transition to a countywide radio system to improve interoperability, managed by the Silicon Valley Regional Interoperability Authority (SVRIA), by Fall 2019.Purchase and deploy a Medevac Emergency Rescue Vehicle by Leno Industries, including approval of operational policy.Implement Text 911 to provide the community an additional method to report an emergency	<ul style="list-style-type: none">Secure resources for implementation of automated License Plate Reader technology at major points of ingress and strategic crime fighting locations in the city.Initiate RFP for Fire Station 2 design and architectural planning with a construction goal in FY 19/20. Milestone of January 2019 for design plan.Complete assessment of Fire Station 1 with the goal of identifying long term needs for potential expansion and maintenance of training facilities. Milestone of December 2018.	
<ul style="list-style-type: none">Support BART and VTA to ensure efforts in place to address increased regional transportation needs are met while ensure Milpitas resident impacts are minimized.	<ul style="list-style-type: none">In the Police Department respond to a VTA RFI on public safety resources for the new BART station. November 2019.Coordinate with regional partners to strengthen protocols for interagency operations of the new BART station.	<ul style="list-style-type: none">Identify a location for a Police substation.Coordinate with Engineering on the implementation of a Pilot parking program in the Pines (if approved by residents).Coordinate with Engineering on a TASP parking program.	
<ul style="list-style-type: none">Continue with the established comprehensive Public Safety recruitment and training program to attract and retain diverse, highly qualified employees	<ul style="list-style-type: none">Continue with dedicated Police recruitment team, ensuring extensive outreach and leverage to recruiting events and social media to attract a diverse pool of potential candidatesTarget a vacancy rate of 5% or lessDevelop strategies for succession planningSworn Personnel & Dispatchers training with Crisis Intervention and Principle Policing. Goal is for all sworn officers and dispatchers to receive training in fiscal year.	<ul style="list-style-type: none">Hire new Training/EMS Battalion Chief to engage in regional training academy for new hires and establish a more robust departmental training program to support operational needs and continued professional growthComplete an assessment of ambulance utilization for the Rescue Squad in an effort to enhance service delivery and potential revenue.Ensure 100% of annual performance appraisals are completedEncourage all managers to work with their staff on individual development plans	

GOALS	FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS	
<ul style="list-style-type: none"> • Provide and promote a culture of safety, health and wellness 	<ul style="list-style-type: none"> • In the Fire department initiate an employee medical evaluation program that will support compliance with industry best practices and enhance employee wellness. • Increase formal and informal recognition for accomplishments, service and tenure. 	<ul style="list-style-type: none"> • Police department fitness room upgrade, replace aged and outdated fitness equipment including weights, fitness machines, and flooring for both upstairs and downstairs fitness rooms • Increase employee engagement and collaborative work efforts to achieve organizational goals. • Strengthen peer support program and employee wellness in Police.
<ul style="list-style-type: none"> • Provide clear guidance to employees on operational policies and ensure transparency for our diverse community 	<ul style="list-style-type: none"> • Update all SOPs to reflect current policies and best practices • Attend PRA training and increase capacity to accurately respond to requests. 	<ul style="list-style-type: none"> • Update bylaws for all Commissions • Application of crisis intervention and principled policing principles
<ul style="list-style-type: none"> • Expand community partnerships, promote public education, and improve marketing and communications 	<ul style="list-style-type: none"> • Plan, train and coordinate with other agencies for emergency response to disasters • Enhance CERT training program to provide two annual citizen academies. 	<ul style="list-style-type: none"> • Identify and expand relationships with existing and potential community stakeholders and determine opportunities for mutual benefit • Strengthen relationships with our community by developing organized system to liaison with our community. Such as Coffee with a Cop, community events, and numerous groups where our community gathers.

CITY OF MILPITAS FISCAL YEAR 2018-2019 WORK PLAN

GOALS	FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS
Community Services and Sustainable Infrastructure	
1. Deliver high quality programs and services that meet and exceed the needs of the diverse Milpitas community	<ul style="list-style-type: none"> • Re-launch Teen Program • Develop a Recreation Program Master Plan • Update the Parks Master Plan • Establish a Task Force to develop a Suicide Prevention Policy • Pursue a comprehensive plan to address odor issues in the community • Engage the community on a robust water conservation program • Ensure MSI is providing quality service to the community; enhance outreach to the community on the solid waste program • Engage the community on the benefits of Silicon Valley Clean Energy programs • Continue to evaluate opportunities to reduce solid waste program rates.
2. Deliver high quality capital improvement projects on schedule and within budget	<ul style="list-style-type: none"> • Implement 26 Council approved CIP Engineering projects, totaling over \$47 million for FY 18-19. • Implement a collaborative planning process to better align size of CIP with available resources • Explore alternate staffing models to increase number of projects delivered
3. Establish asset management programs to ensure the City's assets and infrastructure are updated and well maintained.	<ul style="list-style-type: none"> • Complete Urban Forest Management plan with tree inventory and condition assessment • Complete condition assessment for parks, playground, and facilities • Develop asset registry for water, sewer, and storm infrastructure assets. • Initiate Water and Sewer master plans
4. Provide cost effective maintenance and repair services that meet or exceed industry standards or best practices.	<ul style="list-style-type: none"> • Achieve 50% rate of on-time completion of preventative maintenance • Implementation of relevant findings from O&M assessment conducted by Matrix Consultants. • Develop SOPs for maintenance activities
5. Ensure compliance with state and federal regulations and partner with regional agencies to protect the natural environment, safeguard public health and improve the quality of life for the community	<ul style="list-style-type: none"> • Continued compliance with all permits and environmental regulations • Ensure timely submittal of all required regulatory reports to the State • Proactively enforce requirements of the City's Municipal Regional Stormwater Permit (NPDES) to protect the City's storm drain system and waterways. • Continue efforts to reduce the dangers of flood hazard through participation in the Community Rating Service (CRS) program to help reduce the cost of mandatory flood insurance for Milpitas residents living with the SFHA. • Manage water losses in the system • Develop a plan to ensure continued operations in the event of a natural or man-made disaster/emergency • Continue with the annual recycling and source reduction programs to achieve mandated reduction goals such as 50 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction by 2025 (SB1383, AB 341, AB1826)
6. Position the City to be a sustainable and smart City	<ul style="list-style-type: none"> • Engage the Council and community to update the City's Climate Action Plan • Implement projects to reduce City usage of water and electricity • Evaluate a zero waste policy as part of the City's Climate Action Plan • Review benefits of increased enforcement to implement waste prevention and urban runoff pollution prevention initiatives.
7. Partner with external agencies and organizations to ensure City's interests are being	<ul style="list-style-type: none"> • Meet periodically with Silicon Valley Clean Energy to ensure the City is receiving its fair share of funding for local programs • Partner with the MUSD on McCandless Park Playground • Ensure City's interests are met through BAWSCA negotiations with SFPUC

GOALS	FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS	
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pursued in a collaborative and efficient manner	<ul style="list-style-type: none"> Partner with the County to establish a cost sharing agreement for the Library 	<ul style="list-style-type: none"> Partner with BAAQMD and LEA to ensure enforcement on odor issues
8. Leverage technology to enhance City operations and services to the community, and to improve community access to information.	<ul style="list-style-type: none"> Implement computer maintenance management system Continue use of new XE2 for backflow Conduct CCTV inspections and condition assessment of sanitary sewer lines. 	<ul style="list-style-type: none"> Initiate the establishment of a CIP database to allow community access to see status of projects
9. Develop, support, and retain an exceptionally qualified, well trained, and diverse work force.	<ul style="list-style-type: none"> Conduct outreach to high schools, community colleges and universities to discuss career pathways Technical training program for facilities staff. Develop employee succession plans for Department supervisors and managers to train subordinates as a means of retaining important institutional knowledge. 	<ul style="list-style-type: none"> Continue Safety Program with year round training opportunities for staff and 90% participation rate Partner with HR on internal training opportunities Develop programs for employee cross training within Engineering and Public Works to develop a well-rounded and technically trained workforce.
10. Ensure sound financial management practices	<ul style="list-style-type: none"> Ensure enterprise funds are cost recovery Council adoption of water and sewer rates for 5 years (through 2023). 	<ul style="list-style-type: none"> Ensure all costs associated with the delivery of a capital project are captured and tracked Secure external financing or alternative funding mechanisms for utility infrastructure, facilities, and equipment needs

CITY OF MILPITAS FISCAL YEAR 2018-2019 WORK PLAN

GOALS		FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS	
Leadership and Support Services			
1. Develop an accurate forecast and a balanced budget based on Council/community engagement and sound financial practices	<ul style="list-style-type: none">Strengthen forecasting tools and process to better ensure actuals are within 5% of projectionsEngage the community and Council in the development of the annual budgetComplete CAFR and implement audit recommendations	<ul style="list-style-type: none">Update Cost Allocation Plan methodology and Private Development Fee StudyEvaluate and implement best practices to meet OPEB and pension obligationsComplete external financing for sewer and water projectsIf TOT revenue measure is approved by voters, implement required changes to the system	
2. Leverage technology to enhance City operations and services to the community, and to improve community access to information.	<ul style="list-style-type: none">Upgrade Finance and HR modules; assess needs for procuring a new Enterprise Resource Planning SystemDevelop a centralized contracts management databaseUse OpenGov or similar tools for financial reporting and Open Town Hall for community engagement on budget	<ul style="list-style-type: none">Create internal and external dashboards for key performance metricsImplement new CMMS systemInitiate a new CIP database to provide status updates on projects to the community	
3. Develop a process to address legislative and regulatory issues in a timely and proactive manner	<ul style="list-style-type: none">Develop legislative guiding principles and priorities to Council approvalLeverage industry groups for tracking legislation and regulations e.g. BAWSCA, CASA	<ul style="list-style-type: none">Keep Council apprised on a periodic basis about key legislation and regulations impacting the City	
4. Ensure City's interests are being pursued at the regional, state, and federal level	<ul style="list-style-type: none">Advocate for representation by Milpitas elected officials on key boards such as BAAQMD, VTA, SVRIA	<ul style="list-style-type: none">Meet periodically with state and federal representatives to discuss and advocate for Milpitas priorities	
5. Ensure compliance with all applicable laws and policies related to elections and governance	<ul style="list-style-type: none">Ensure timely completion of Form 700 by all filersAdminister and supervise all Municipal Election activity for November 2018 election	<ul style="list-style-type: none">Track terms of all CommissionersMeet Brown Act requirements for all public meetings	
6. Enhance the current Agenda Management process	<ul style="list-style-type: none">Update the City Council handbookTransition to a new Agenda Management system and process	<ul style="list-style-type: none">Complete training for all staff to ensure smooth transition	
7. Establish a comprehensive recruitment and training program to attract and retain highly qualified employees	<ul style="list-style-type: none">Conduct extensive outreach and leverage social media to attract a diverse pool of potential candidatesTarget a vacancy rate of 8% or lessDevelop strategies for succession planning	<ul style="list-style-type: none">Enhance onboarding process and establish a citywide training program to support continued professional growth for all employeesLeverage external training opportunities for technical skills	
8. Expand on core values while moving in new directions through an engaged work force, continually striving to ensure that the City of Milpitas is a great place to work	<ul style="list-style-type: none">Actively engage staff with regular town hall and manager meetingsEnsure 100% of annual performance appraisals are completed	<ul style="list-style-type: none">Initiate a citywide mentoring programEncourage all managers to work with their staff on individual development plans	

GOALS		FY 18-19 PLANNED MAJOR MILESTONES / ACHIEVEMENTS	
9. Provide clear guidance to employees on operational policies and ensure transparency for the community	<ul style="list-style-type: none"> • Update all SOPs to reflect current policies and best practices • Create a separate Council policy handbook and an Administrative policy handbook 	<ul style="list-style-type: none"> • Update City Council handbook • Update bylaws for all Commissions 	
10. Ensure that City priorities and accomplishments are communicated in a consistent manner to the Council, community, media, and other stakeholders	<ul style="list-style-type: none"> • Develop and implement a Strategic Communications Plan • Establish a citywide Communications team to ensure consistent messaging across departments • Develop a branding strategy for the City 	<ul style="list-style-type: none"> • Partner with the County on Census 2020 outreach • Develop templates for all City communication including reports and presentations 	
11. Develop plans and provide training to staff to prepare the City for emergencies and disasters	<ul style="list-style-type: none"> • Develop a comprehensive crisis communications plan • Ensure that emergency communication can get to all sectors of the community in a timely manner 	<ul style="list-style-type: none"> • Explore options to develop a debris management plan • Establish procedures so as to ensure reimbursement from federal and state agencies for eligible City expenditures 	
12. Develop appropriate funding mechanisms to pay for capital projects that are currently unfunded	<ul style="list-style-type: none"> • Provide financially prudent funding for water capital projects • Provide financially prudent funding for sewer capital projects • Provide financially prudent funding facility and equipment needs 	<ul style="list-style-type: none"> • Partner with City's Financial Advisor on various debt funding mechanisms • Collaborate with the City's Financial Advisor on conducting a Debt 101 seminar 	

CITY OF MILPITAS FISCAL YEAR 2018-2019 WORK PLAN

GOALS		FY 18-19 PLANED MAJOR MILESTONES / ACHIEVEMENTS
Community Development Service Area		
1. Position the Community Development CSA to be a replicable model for exemplary planning, permitting and inspection services.	<ul style="list-style-type: none"> Initiate and complete Organizational Assessment, Service Delivery Assessment, and Fee Study (Winter '18 – Spring '19). Implement ProjectDox – Electronic plan review software to manage electronic submittal, review, and approval (Winter '18 – Spring '19). Decentralize permit approval process via Zoning Administrator / Director Hearing process (spring '19). 	<ul style="list-style-type: none"> Digitalize all permit records for ease of public and staff property records research (Spring '19 – Winter '19). Standardize customer satisfaction surveys amongst CSA departments (Spring '19). Further develop and modify Building Internship program (Spring '19 – Winter '19). Create a Planning Internship program (Spring '19 – Winter '19).
2. Develop comprehensive plans that address a 21 st century Milpitas.	<ul style="list-style-type: none"> Complete the 2040 General Plan, a comprehensive update of the City's General Plan (Fall '19). Complete the Mid-Town Specific Plan, a comprehensive update of the City's Mid-Town Specific Plan, including market analysis of prototype mixed-use buildings, urban design visualization (Fall '19). 	<ul style="list-style-type: none"> Update the TASP/Environmental Impact Report for the programmed maximum housing unit buildout of 7,109 to 9,358 housing units. Adjust for office, retail, and hotel (Spring '19 – Winter '20).
3. Develop implementation plans, guidelines, and policies that inform and inspire.	<ul style="list-style-type: none"> Prepare for zoning updates responsive to the City's comprehensive plans and State legislation. Create a place-making policy/guidance document for creating delightful publically accessible open spaces (2020). Develop Level of Service (LOS) traffic standards to Vehicle Miles Traveled (VMT) for all environmental analysis by 2020 (2020). 	<ul style="list-style-type: none"> Prepare S. Milpitas Industrial Area Development Master Plan (202). Prepare Calaveras Corridor Development Master Plan (2020). Prepare city-wide comprehensive urban design guidelines (2020). Prepare landscape design guidelines for both public (street scape) and private street frontage and site development (2020). Prepare a Street Plan Line for: Calaveras Boulevard (2020); Dixon Landing Road (Winter 219); Costa Street (Spring 2020); and Montague Expressway from the BART Station west to City limit (2020).
4. Establish open & transparent communication with the public.	<ul style="list-style-type: none"> Initiate a Community Development Roundtable (Winter '18). Replace the "Business Community Roundtable" concept with "Business Retention & Expansion" program (Summer '18 – Summer '19). Develop a Community Development "dashboard" to showcase permit activity, process timelines, sales/TOT tax revenues, new business lic., real estate trends and process improvements (Spring '19). 	<ul style="list-style-type: none"> Assemble and conduct focus groups on specific areas of interest (Summer '19). Overhaul the CSA website and expand use for various city initiatives (Summer '19). Identify innovative apps to allow communication via text messaging (Summer '19).
5. Promote Milpitas.	<ul style="list-style-type: none"> Develop a TASP/BART-Centric and City Identification/Wayfinding Program (Winter '19). Develop a new brand for Milpitas associated with the Silicon Valley (Winter '19). 	<ul style="list-style-type: none"> Promote and enhance Milpitas hospitality venues (Winter '18 – Winter '19). Market Milpitas via real estate professionals i.e. ICSC, Bisnow, etc. (Winter '18). Promote and maintain the Economic Development Website, MilpitasInnovates.com (Winter '18).

	<ul style="list-style-type: none"> Re-brand and contribute to City-wide "Connected" newsletter (Spring '19 – Fall '19). Complete City Gate-way signage and landscape projects at the seven locations identified in the Capital Improvement Program (Spring '19 – Spring '20). 	<ul style="list-style-type: none"> Improve/expand publications and media for recruiting outreach (Spring '19 – Fall '19). Develop collaborative partnerships with SPUR, SVO, Milpitas Chamber of Commerce, ICSC, BIA, NAIOP, SVEDA, Biz Journal, SCCAP (Winter '18 – Ongoing).
6. Maintain and enhance the City's jobs-housing balance.	<ul style="list-style-type: none"> Conduct a retail study to assist developers and staff in creating and designing commercial spaces that will attract retail and restaurants (Spring '19 – Summer '19). 	<ul style="list-style-type: none"> Strengthen employment land designations for business retention and growth (Winter '18 – Ongoing).
7. Enhance City revenue.	<ul style="list-style-type: none"> Develop Economic Development Strategic Plan (Spring '19 – Summer '19). Develop a Strategic Property Acquisition Revenue (SPAR) Fund for Economic Sustainability (Spring '19 – Spring '20) Develop a Business Marketing Strategy (Spring '19 – Summer '19). Complete Retail study to assist in attracting retail & restaurants (2020). 	<ul style="list-style-type: none"> Conduct monthly Corporate Visits (Summer '18 – Ongoing). Support policies, ordinances, and mapping areas for taxable cannabis (Winter '19). Develop short-term rental agreement & ordinance (Winter '18). Market new hotel development and advocate for added rooms (Spring '19). Advance digital billboard study per Council direction (Spring '19). Initiate small business surveys (Summer '19 – Fall '19). Update Fire Permit Fees (Completed Summer '18).
8. Enhance a diversified workforce.	<ul style="list-style-type: none"> Partner with Metropolitan Education District (Metro ED) / Silicon Valley Career Technical Education (SVCTE); NOVA, and Silicon Valley Adult Education programs and San Jose Evergreen Community College Extension at Milpitas (Spring '19 – Fall '19). 	<ul style="list-style-type: none"> Partner with MUSD on 2nd H.S. Campus Initiative (Spring '19 – Fall '19). Partner with MUSD on Local Business Internships (Spring '19 – Winter '20).
9. Enhance clean energy alternatives.	<ul style="list-style-type: none"> Support Milpitas board appointment to the Silicon Valley Clean Energy (SVCE) (Summer '18 – Fall '18). Continue to convert standard City street lights to LED. Currently, approximately 1,000 of the City's 4,600 street lights have been converted (Ongoing). 	<ul style="list-style-type: none"> Streamline EV and Tesla charging station permitting (Spring '19).
10. Provide last mile traveled options from the Milpitas BART station.	<ul style="list-style-type: none"> Complete plans for Montague Pedestrian Overcrossing at Piper Drive. (Winter '19 – Winter '20). Introduce lighting / art to bridge (Winter '19). Develop high cost of free parking education program on TOD parking trends/standard (Spring '19). Complete a feasibility study for shuttle services circulating in various areas of the City to provide accessibility to light rail and BART, including employment areas and Main Street (Spring '19 – Winter '19). 	<ul style="list-style-type: none"> Prepare regulations to ensure the safe deployment of e-scooters and shared bicycles on public streets i.e. franchise agreement with private companies and access agreement for the safe use of public right-of-ways (Summer '19). Design and construct South Milpitas extension vehicular/pedestrian bridge (winter '18 – Fall '20).
11. Provide affordable housing options to Milpitas residents and workers.	<ul style="list-style-type: none"> Complete the Affordable Housing Ordinance Impact and Linkage fees, and include potential for a Transportation Management 	<ul style="list-style-type: none"> Adopt Resolution to set Housing In-Lieu and Commercial Impact Fees (Winter '19 – Spring '19).

	<p>Association for shuttle service serving Milpitas employment lands (Winter '18 – Winter '19).</p> <ul style="list-style-type: none"> • Complete all real estate service RFP process and contract for staff support with various affordable housing and other opportunity sites (Fall '18 – Winter '19). • Develop and monitor policies and programs promoting preservation and development of affordable housing; identify financing; and negotiate contracts with developers (Ongoing). • Evaluate a potential tenant protection program to stabilize rents and mitigate the impact of displacement (fall '18 – Spring '19). 	<ul style="list-style-type: none"> • Update City ADU ordinance to incorporate State requirements and remove barriers (Spring '19). • Partner with local and regional affordable housing providers (Ongoing). • Seek opportunities for additional projects similar to the 355 Sango Court affordable housing development (Winter '18 – Ongoing). • Develop solution(s) for existing Sunnyhills affordability (Begin Spring '19). • Develop tenant protection policies (Fall '18 – Spring '19).
12. Maintain and enhance Milpitas neighborhoods.	<ul style="list-style-type: none"> • Revise, update, and clarify City ordinance to enhance the quality of life in the City (Ongoing). • Update fee amounts within the ordinances to achieve cost recovery (Spring '19). 	<ul style="list-style-type: none"> • Conduct a City-wide survey to locate and quantify the number of junk and/or abandoned vehicles in the City and implement vehicle removal (Summer '19). • Develop reporting mechanisms for the public through City website and social media (Spring '19 – Fall '19).
13. Enhance Economic Development & Trade Commission.	<ul style="list-style-type: none"> • Amend bylaws and operating procedures – purpose, charge, membership. Terms of office and removals, etc. (Winter '19 – Spring '19). • Develop a new work plan for the newly-merged commissions (Winter '19 – Spring '19). 	<ul style="list-style-type: none"> • Engage Commission in the development of a new General Plan Economic development Element (Winter '19 – Spring '19). • Align sister cities mission and exchanges to address business, education, trade and community development issues at the local level (Winter '19 – Spring '19).
14. Enhance Planning Commission.	<ul style="list-style-type: none"> • Update Handbook and amend bylaws, including desired qualifications for membership (Winter '19). • Clarify Planning Commission membership, roles and responsibilities (Winter '19). 	<ul style="list-style-type: none"> • Provide intensive onboarding for new Commissioners and regular training to all members on topics relevant to current development projects in Milpitas (Spring '19 – Ongoing). • Provide APA memberships to current Planning Commissioners and encourage participation in annual conferences (Spring '19).



City of Milpitas Municipal Code

Title IV – Financial, Chapter 3 - FEE AND SERVICE CHARGE REVENUE/COST COMPARISON SYSTEM

- **IV-3-1.00 - Findings and Intent**

1.01 It is the intent of the City Council to provide the ascertainment and recovery of specified percentages of "costs reasonably borne" through the imposition of fees and charges for provision of the regulation, products and services hereinafter enumerated in this Chapter.

1.02 The fee and service charge revenue/cost comparison system set forth in this Chapter provides a mechanism for ensuring that fees adopted by the City for services rendered do not exceed the cost for providing the services for which the fees are charged. (Ord. 164.2 (part), 8/1/95)

- **IV-3-2.00 - Delegation of Authority and Direction to City Manager**

The City Manager is hereby delegated the authority and directed from time to time to calculate and propose adjustments to fees and charges to assure full recovery of the percentage of "costs reasonably borne" in providing the regulation, products or services enumerated in this Chapter, as established by the City Council in its policy schedule in Section IV-3-4 of this Chapter. The City Manager acts in an administrative capacity in carrying out his/her duties under this Chapter and is to consider only the standards and criteria established herein in calculating and proposing adjustments to fees. (Ord. 164.2 (part), 8/1/95)

- **IV-3-3.00 - "Costs Reasonably Borne" Defined**

"Costs reasonably borne," as used and ordered to be applied in this Chapter consist of the following elements:

3.01 All applicable direct costs including, but not limited to salaries, wages, overtime, employee fringe benefits, services and supplies, maintenance and operation expenses, contracted services, special supplies, and any other direct expenses incurred.

3.02 All applicable indirect costs including, but not restricted to, building maintenance and operations, equipment maintenance and operations, communications expenses, computer costs, printing and reproduction, vehicle expenses, insurance, debt service, and like expenses when distributed on an accounted and documented rational proration system.

3.03 Fixed asset recovery expenses, consisting of depreciation of fixed assets, and additional fixed asset expense recovery charges calculated on the current estimated cost of replacement, divided by the approximate life expectancy of the fixed asset. A further additional charge to make up the difference between book value depreciation not previously recovered and reserved in cash and the full cost of replacement, also shall be calculated and considered a cost so as to recover such unrecovered costs between book value and cost of replacement over the remaining life of the asset.

3.04 General overhead, expressed as a percentage, distributing and charging the expenses of the City Council, City Attorney, City Manager, City Clerk, City Treasurer, Economic Development, Finance Department, Personnel Office, and City Promotion, and all other staff and support service provided to the entire City organization. Overhead shall be prorated between tax-financed services and fee-financed services on the basis of said percentage so that each of taxes and fees and charges shall proportionately defray such overhead costs.

3.05 Departmental overhead, expressed as a percentage, distributing and charging the cost of each department head and his or her supporting expenses as enumerated in Subsections 3.01, 3.02, 3.03 and 3.06 of this Section.

3.06 Debt service costs, consisting of repayment of principal, payment of interest, and trustee fees and administrative expenses for all applicable bond, certificate, or securities issues or loans of whatever nature or kind. Any required coverage factors or required or established reserves beyond basic debt service costs also shall be considered a cost if required by covenant within any securities ordinance, resolution, indenture or general law applicable to the City. (Ord. 164.2 (part), 8/1/95)

- **IV-3-4.00 - Schedule of Fees and Service Charges**

The City Manager and department heads will from time to time review the fees and service charges listed in the Council Resolution No. 5762, and calculate and propose adjustments to said fees and charges necessary to assure recovery of the specified percentages of "costs reasonably borne" provided in the schedule hereto, taking into full consideration the in-kind services and improvements made by each recipient program. The City Council will determine, at a public hearing, whether such proposed adjustment should be implemented.

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-001	Planning inquiry/research fee	100
S-002	Floodplain letter	100
S-003	Zoning letter	100
S-004	Zoning code interpretation	50
S-005	Appeal of staff interpretation	0
S-005A	Appeal of planning commission decision	100
S-006	Zoning code text amendment	100
S-006A	Zone change	100

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-007	Preliminary plan review	100
S-008	Development agreement	100
S-009	Development agreement amendment	100
S-010	Basic development services	100
S-010A	General plan amendment	100
S-010B	Planned unit development	100
S-010C	S Zone applications	100
S-010D	Planned signage program	100
S-010E	Amendments/modifications to previous approvals	100
S-010F	Tentative map	100
S-010G	Parcel map	100
S-010H	Newspaper advertisement	100
S-011	Planning time extension	100
S-012	General plan maintenance	100
S-013	Building plan check	100
S-013A	After hours plan check	100
S-013B	Plan check revisions	100
S-014	After hours plan check and inspection	100
S-015	Temporary building permit	100

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-015A	Temporary building permit inspection (courtesy)	100
S-016	Building inspection	100
S-016A	Building inspection—miscellaneous services	100
S-016B	State strong motion fees	100
S-016C	Mobile home unit inspection	80
S-016D	Mobile home park common area inspection	0
S-017	Grading inspection	100
S-018	Fire construction inspection	100
S-019	Building time extension	100
S-020	Building reinspection	100
S-021	Certificate of occupancy	100
S-022	Mechanical inspection	100
S-023	Plumbing inspection	100
S-024	Electrical inspection	100
S-025	Reroofing plan check and inspection	Single Family—100
		Multi-Family—100
		Commercial Industrial—100
S-026	Pool and spa plan check and inspections	100

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-027	Demolition plan check and inspection	100
S-028	Building resale inspection	100
S-029	Christmas tree lot permit	100
S-030	Environment categorical exemption	0
S-031	Environmental initial study and negative declaration	100
S-031A	Environmental impact report	100
S-031B	California fish and game fee	100
S-032	Variance	50—100
S-032A	Use permits	100
S-032B	Use permits	50—100
S-033	City council appeal	0—100
S-034	Lot line/merger adjustment	100
S-035	Encroachment permit processing	100
S-036	Street/alley easement/vacation	100
S-037	Street name change	100
S-038	Street address change	100
S-039	Municipal code enforcement	0
S-039A	Message technician ordinance enforcement	100

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-040	Special use permit	0—100
S-041	Overwide/overweight load review	0
S-042	Concealed weapon permit review	0
S-043	Parking enforcement	100
S-044	Second response call-back	100
S-045	Police false alarm response	75
S-046	Crossing guard services	0
S-047	Private security—school district	100
S-048	Parking permit (high school)	0
S-049	Private property abandoned vehicle abatement	100
S-050	Public property abandoned vehicle abatement	100
S-051	Impound release	100
S-052	DUI arrest/report	100
S-053	DUI accident investigation	100
S-054	Booking fees	100
S-055	Fingerprinting service	100
S-056	Police photograph reproduction	100
S-057	Vehicle cite correction sign-off	0

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-058	V.I.N. verification	0
S-059	Bicycle licensing	0
S-060	Fire false alarm response	75
S-061	Hazardous spill response	100
S-062	Non-Milpitas fire response	100
S-063	Annual engine co. inspection	0
S-064	Fire second reinspection	100
S-065	Annual fire code inspection	100
S-065A	Non-point source discharge inspection	100
S-066	Annual building and life safety inspection	100
S-067	Animal control	25
S-068	Fitness passes	75% of actual cost balanced by market factors
S-069	Adult sports program	75% of actual cost balanced by market factors
S-070	Youth sports program	50% of actual cost balanced by market factors
S-071	Private group ball field usage	50% of actual cost balanced by market factors
S-072	Adult recreation classes	75% of actual cost balanced by market factors
S-073	Youth recreation classes	50% of actual cost balanced by market factors

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-074	City-wide events	0%
S-075	Preschool program	50% of actual cost balanced by market factors
S-076	After school/latchkey program	50% of actual cost balanced by market factors
S-077	Summer day camp	50% of actual cost balanced by market factors
S-078	Winter/Spring vacation day camp	50% of actual cost balanced by market factors
S-079	Teen programs	50% of actual cost balanced by market factors
S-080	Recreational swimming	50% of actual cost balanced by market factors
S-081	Swimming lessons	50% of actual cost balanced by market factors
S-082	Swim team support	50% of actual cost balanced by market factors
S-083	Theatre program	50% of actual cost balanced by market factors
S-083A	Theatre tickets	50% of actual cost balanced by market factors
S-084	Senior citizen programs	25% of actual cost balanced by market factors
S-085	Library services	No modifications to agreements recommended
S-086	Water service	100

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-087	Water delinquent turn off/on	100
S-088	After hours turn-on	100
S-089	Water meter testing	100
S-090	Water meter installation	100
S-090A	Meter acquisition fee	100
S-091	Water line repair	100
S-092	Private backflow device monitoring	100
S-093	Sewer service	100
S-094	Underground utilities locator service	100
S-095	Storm drainage	0
S-096	Street sweeping	100
S-097	Residential refuse service	100
S-098	Commercial refuse street usage	100
S-099	General utility street usage	100
S-100	Median maintenance	0
S-101	Park maintenance	0
S-102	Street tree maintenance	0
S-103	Street lighting	0
S-104	Tree removal review	0

Service Center	Description Service Center	Percentage of "Costs Reasonably Borne" to be Recovered
S-105	Facility rental	0—100
S-106	Picnic rental	100
S-107	Fire training facility rental	100
S-108	Mobile home rent control	0
S-110	New/Moved business processing	100
S-111	New home occupation review	50
S-112	Business tax renewal processing	100
S-113	Returned check processing	100
S-114	Property damage invoice processing	100
S-115	Bond payoff calculation	100
S-116	Records subpoena	Per Evidence Code
S-117	Records research	100
S-118	Sales of printed/copied materials	0—100

(Ord. No. 164.3, § 2, 6/17/14; Ord. 164.2 (part), 8/1/95)

- **IV-3-5.00 - Statutory Public Meeting**

The City Council may periodically hold a noticed public hearing to receive oral and written presentations concerning proposed adjustments to the fees and charges contained in the Council Resolution No. 5762. Following conclusion of said public hearing, the City Council may adopt, by resolution, the proposed adjustments to the fees and charges to assure recovery of the specified percentages of "costs reasonably borne" referred to in Section IV-3-4.

The services listed in Section IV-3-4 shall be defined in the report entitled "Cost Control System for the City of Milpitas, California" dated October, 1994 as produced by Management Services Institute, Incorporated and as periodically supplemented or updated by City staff.

The frequency of fee adjustment hearings may be varied by the City Manager to adjust revenues sufficient to meet debt service coverage requirements of any bond, certificate or ordinance, resolution, indenture, contract, or action under which securities have been issued by the City which contain any coverage factor requirement.

The frequency of fee adjustment hearings may be varied by the City Manager if, in his/her judgement and that of the requesting department head, a gross inequity would be perpetrated by the existing rate schedule or because of a new, and unanticipated event.

(Ord. 164.2 (part), 8/1/95)

- **IV-3-6.00 - Provision of Data**

At least ten (10) days prior to the required public hearing set out herein, the City Manager will make available to the public appropriate data indicating the cost, or estimated cost, required to support the fees and charges for which changes are proposed to be made or fees or charges imposed. The City Manager will also provide a summary of the present fee and charge schedules and those proposed at such annual public hearing. A general explanation of such changes also shall be published per the requirements of Government Code Section 6062a.

(Ord. 164.2 (part), 8/1/95)

- **IV-3-7.00 - Appeal to City Council**

Any person who is liable to pay, any fee or charge, and who believes that the fee or charge has been improperly calculated, or that costs are allocated to the services or commodity which exceed the actual cost thereof, may file an appeal with the City Manager. Said appeal shall be in writing, and shall contain each fact, contention or basis for the appeal. The City Manager may make such investigation as deemed necessary, may hold a hearing, and may at the conclusion of said investigation or hearing make such reduction in fees, on a temporary basis, as he/she shall deem justified, and shall thereafter, during the normal fee adjustment period, show the changed amount in the proposed adjustments to the fees and charges submitted to the City Council.

The appellant may, if aggrieved by the action of the City Manager, within ten (10) days after written notice of the City Manager's decision, file a written appeal with the City Council by delivering same to the City Clerk. Said appeal shall specify the grounds therefor with particularity. The City Council may conduct an investigation, may hold a hearing if it so desires, and is to advise the appellant, in writing, of its decision. In all proceedings under this section, the burden of proof shall be on the appellant. The decision of the City Council shall be final, and be subject to court review in accordance with Code of Civil Procedure Section 1094.5. (Ord. 164.2 (part), 8/1/95)



CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479

GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

01/29/2019

City Council Special Meeting – Budget Study Session



ATTACHMENT RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





To: Ashwini Kantak, Assistant City Manager
Liz Brown, Human Resources Director

From: Nancy Hetrick, Partner
Rick Rivera, Management Analyst

Subject: Milpitas Staff Benchmarking Observations

Date: January 24, 2019

Project Background

The City of Milpitas engaged Management Partners to research and evaluate staffing levels in comparable full-service jurisdictions. This effort is intended to assist in the assessment of the City's existing staffing, determine where changes are may be needed, and inform staffing recommendations as part of the FY 2019-20 budgeting process. Management Partners and the City worked together to select seven comparable peers and identify functional areas to be evaluated. We then conducted an analysis of overall staffing levels, analytical capacity, and administrative support for major City Service Areas (CSAs) in Milpitas and its peers.

Peer Selection

The goal of the peer selection process was to utilize objective criteria to identify California cities with similar characteristics to Milpitas. The criteria applied for this analysis includes geographic location, population, square miles, median income, and services provided. Geographic selection pinpoints cities that are subject to similar economic and regulatory environments. Population and square miles reflect the demands placed on city services and staff. Median income serves as a proxy for potential resources to support services. Finally, services provided ensures that comparisons are made between peers with similar functional areas and workloads.

By basing the comparison on a set of objective criteria, we ensured that selected peers would have a similar service profile, serve like types of communities, and have comparable levels of resources. Management Partners identified Alameda, Mountain View, Palo Alto, Pleasanton, Redwood City, and South San Francisco as peer cities. The City of Santa Clara was added to the list based on its proximity and similarity of services to Milpitas, despite its larger population.

Data Analysis Process

After finalizing peer selection with feedback from the City, we carried out a comparison of overall staffing levels and staff capacity across the following functional areas (organized by Milpitas's CSAs):

- Leadership and Support Services
 - Includes the City Manager's Office, Finance, Human Resources, and Information Services
- Community Services and Sustainable Infrastructure
 - Includes Engineering (CIP and Solid Waste); Public Works; and Recreation and Community Services
- Public Safety
 - Includes Police and Fire
- Community Development¹
 - Includes Planning; Building and Housing; Engineering (Land Development); Fire Prevention; and Economic Development

Basing analysis on functional areas rather than department designation allowed for a more direct comparison between Milpitas and its peers, while accounting for differences in organizational structure from city to city. For example, most peer cities distribute their engineering function (which includes Capital Improvement Program design and construction; transportation planning; solid waste services; and storm drain maintenance) between their Public Works and Community Development departments, while in Milpitas the function is organized as its own department. In these instances, staff counts in peer cities were compared to those in Milpitas based on roles and responsibilities rather than departmental designation. For details on peer city organization, see Attachment A.

In order to normalize staffing comparisons, we evaluated staffing levels against the populations they support. For both citywide staffing and community-facing departments, we evaluated Milpitas' staffing levels per 10,000 residents. This approach allows for a better sense of individual city workload, while adjusting for differences in population. Similarly, internally-facing support functions such as Information Services and Human Resources were compared based on staffing levels per 100 City Full-Time Equivalent employees (FTEs). The same approach was used in evaluating analytical and administrative support capacity.

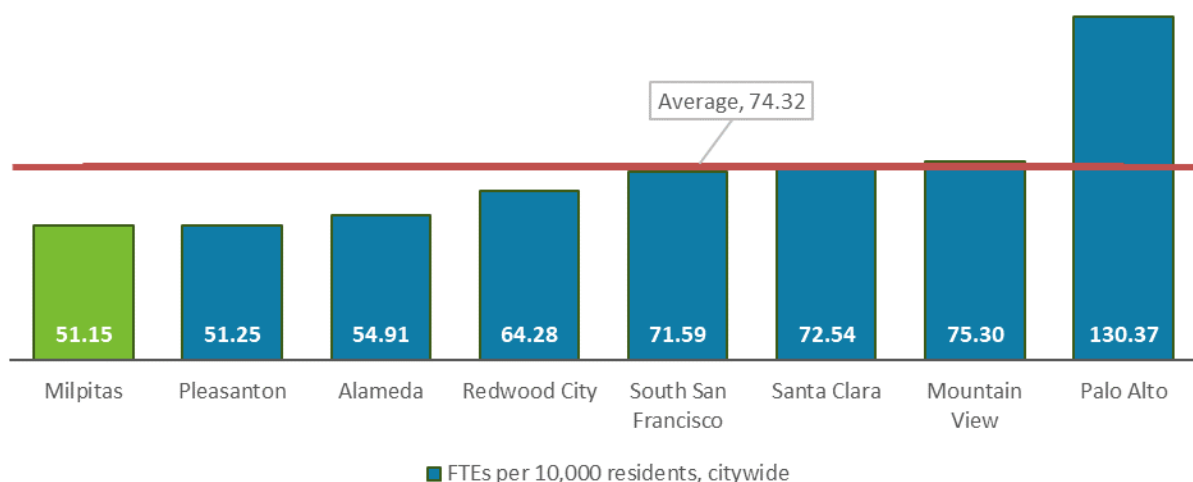
¹ Building and housing and economic development programs have been incorporated into this peer review. All other Development Review programs are part of a separate review and have been excluded.



Citywide Observations

Overall, Milpitas ranks in the bottom half of staffing levels across comparable peers. This was true both citywide and on a departmental level. Citywide staffing per 10,000 is the lowest among its peer group, at 51.15 FTEs per 10,000 residents. This is about 23.17, or 31%, fewer staff members than the peer average of 74.32 FTEs per 10,000 residents. Among its peers, only Pleasanton has similarly low overall staffing levels. These results, along with the peer average, are shown in Figure 1 below.

Figure 1. Citywide Staffing per 10,000 Residents for Milpitas and its Peers*

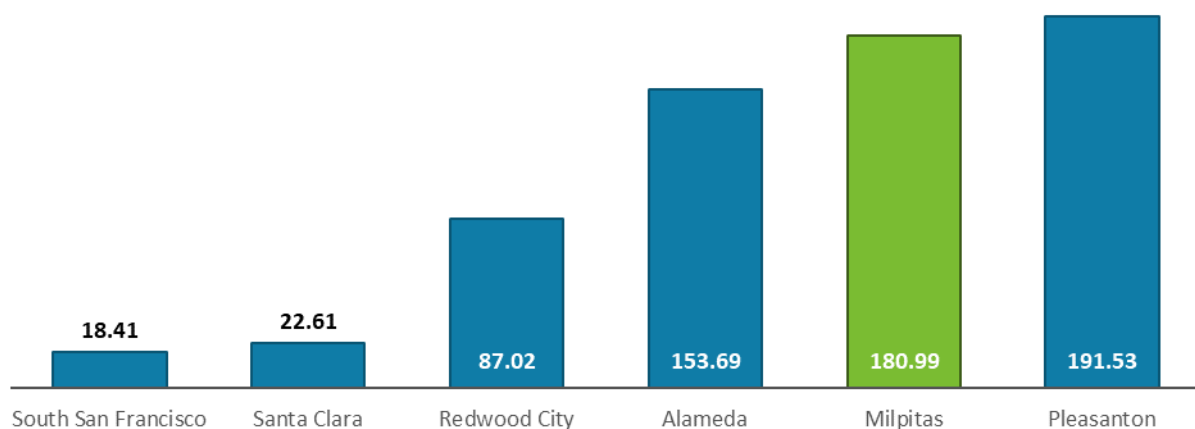


*Electric utility staffing for Alameda, Palo Alto and Santa Clara. In addition, Palo Alto gas and fiber optic utility staffing have been excluded for comparison purposes.

To demonstrate Milpitas' staffing needs relative to the peer average, we used the difference between its overall staffing per 10,000 residents and the peer average to estimate the number of citywide positions would need to be added to approach that average. Based on this analysis, Milpitas has the second-highest need for city staff relative to its peers, with 180.99 new FTEs required in order to reach the average of 74.32 FTEs per 10,000. These results are shown in Figure 2.

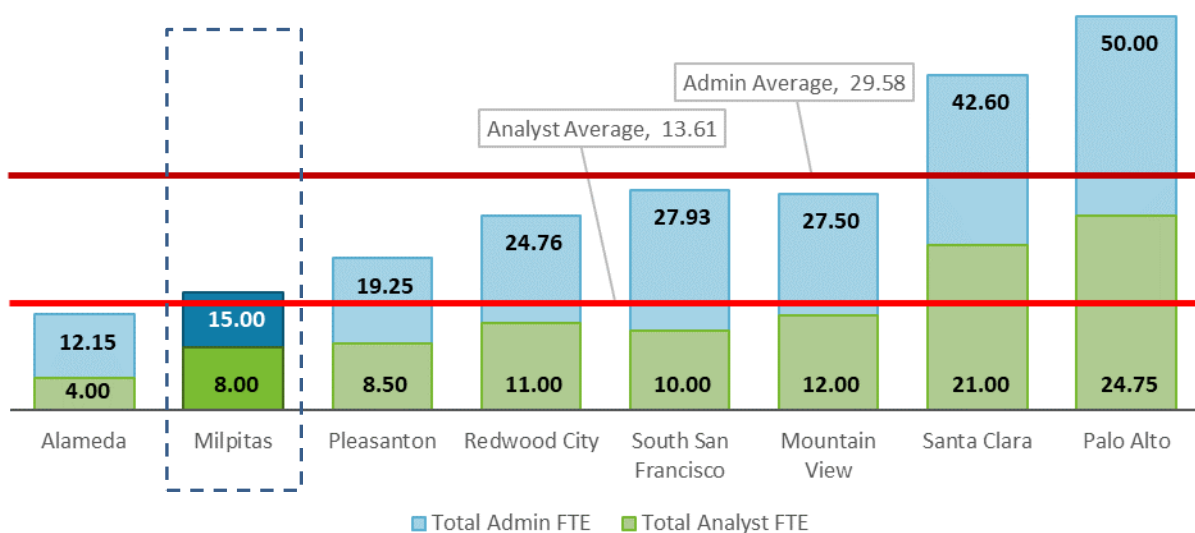


Figure 2. Citywide Staffing Required to Approach the Average, Milpitas and Peers²



Milpitas' analyst and administrative staffing ranks seventh relative to this peer group, with only eight analyst FTEs and fifteen administrative FTEs citywide (Figure 3). This is further reflected when adjusted for population, revealing that Milpitas ranks near the bottom with 0.88 analyst and 1.56 administrative FTEs per 10,000 residents (Figure 4). Alameda is the only City employing fewer analyst and administrative positions.

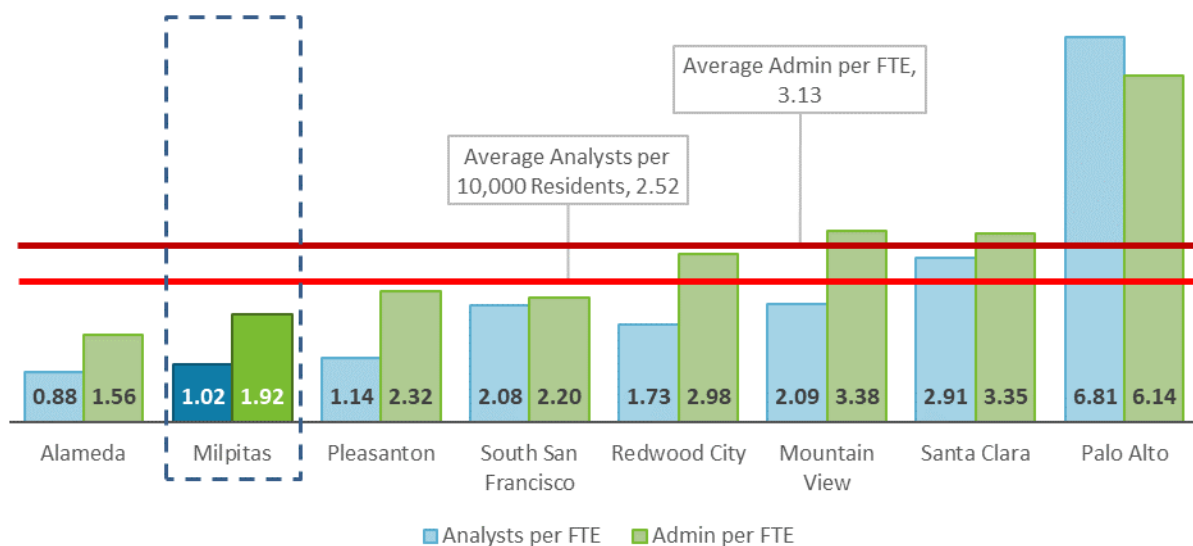
Figure 3. Citywide Analytical and Administrative Support FTEs



² Cities with overall staffing above the per capita average have been removed for clarity.

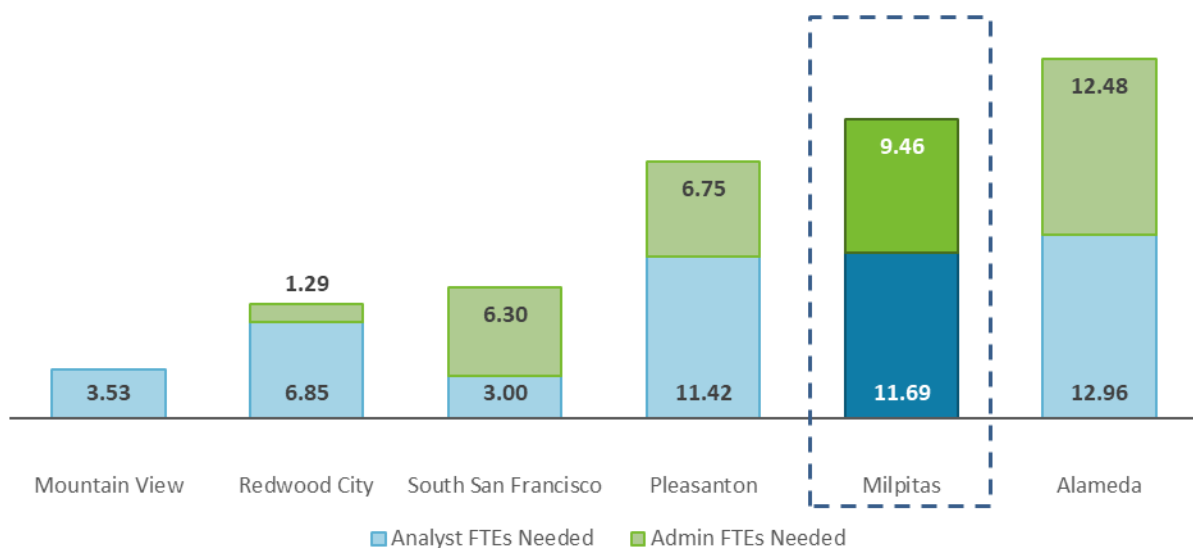


Figure 4. Citywide Analytical and Administrative Support per 10,000 Residents



In order to put Milpitas' analyst and administrative gaps into perspective, we used the average staffing for these position categories per 10,000 residents to project how many new positions each city would need to add citywide. Milpitas has the second-highest need for additional analyst and administrative FTEs relative to its peers, as shown in Figure 5.

Figure 5. Analyst and Administrative Staffing Required to Achieve the Average, Milpitas and Peers³



City Service Area Observations

Leadership and Support Services

Leadership and Support Services include City Manager's Office (CMO), Finance, Human Resources (HR), and Information Services. In evaluating staffing in this City Service Area (CSA), we also

³ Cities with analyst or administrative staffing above the per capita average have been removed for clarity.



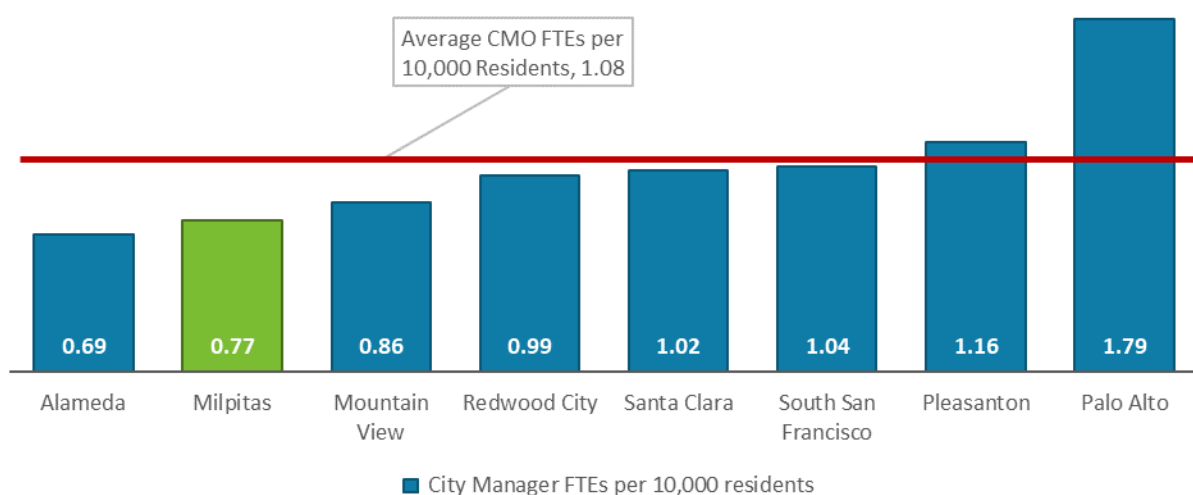
compared staffing for the City Attorney's Office (CAO) and combined support staff for the City Council and City Clerk.

Among leadership functions, the primary variation among peers is in the assignment of economic development responsibilities. Half of cities in this cohort place economic development functions in the CMO, while the other half allocate those responsibilities to Community Development. Support services (HR, Finance, and Information Services) are typically organized as individual departments, as is the case in Milpitas. The exceptions are Mountain View, which places HR within the CMO, and Redwood City, which consolidates all support functions into a single department.

Given the externally oriented leadership role of the City Manager's Office, we have ranked CMO staffing in Milpitas and its peers based on staffing per 10,000 residents, as is the standard throughout this memo. However, in most cities, the responsibilities of Finance, Information Services, and Human Resources Departments are primarily inward-facing. Therefore, staffing in those departments is ranked according to FTEs per 100 FTEs citywide.

In comparison to its peer cities, Milpitas' City Manager's Office ranks seventh of eight, with 0.77 CMO FTEs per 10,000 residents. This is 29% lower than the average among its peers. While the ranking shows Palo Alto to be a significant outlier, with 1.79 CMO FTEs, Milpitas' peers tend to employ approximately one staff member in the City Manager's Office per 10,000 city residents. Relative ranking of City Manager's Office FTEs per 10,000 residents is shown in Figure 6.

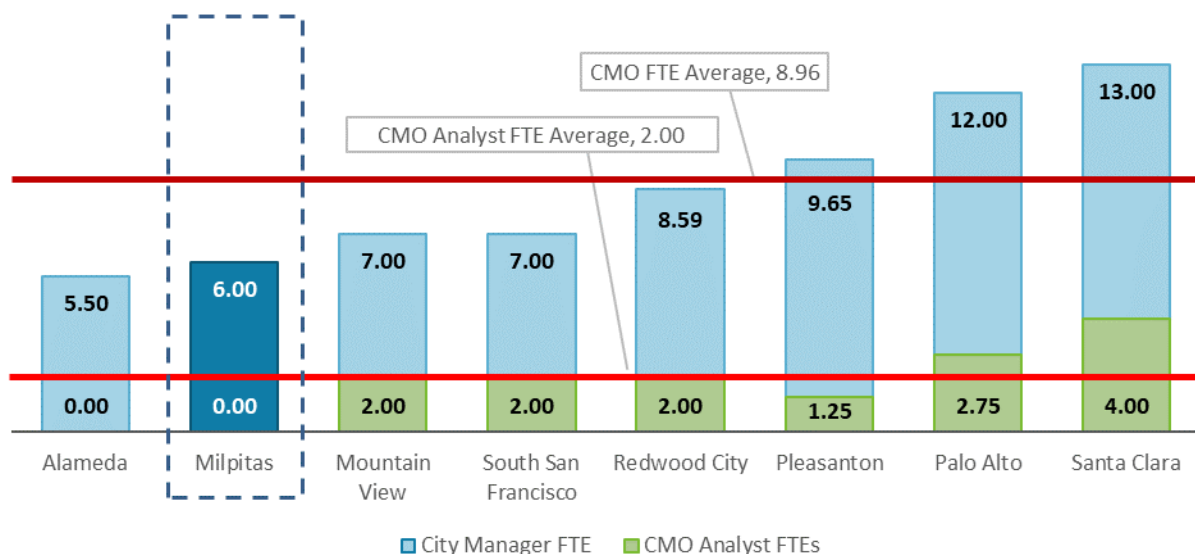
Figure 6. City Manager's Office FTEs per 10,000 Residents, Milpitas and Peers



In addition to low levels of overall staffing relative to population, the CMO's lack of analyst staffing does not align with peer practices. Typically, peers employ an average of 2.0 analyst FTEs, classified as Management Analysts or Assistants to the City Manager, who provide direct support to the City Manager. The relationship between the number of total CMO FTEs and analytical support FTEs is shown in Figure 7.



Figure 7. City Manager's Office FTEs Compared to Analytical Support FTEs for Milpitas and its Peers

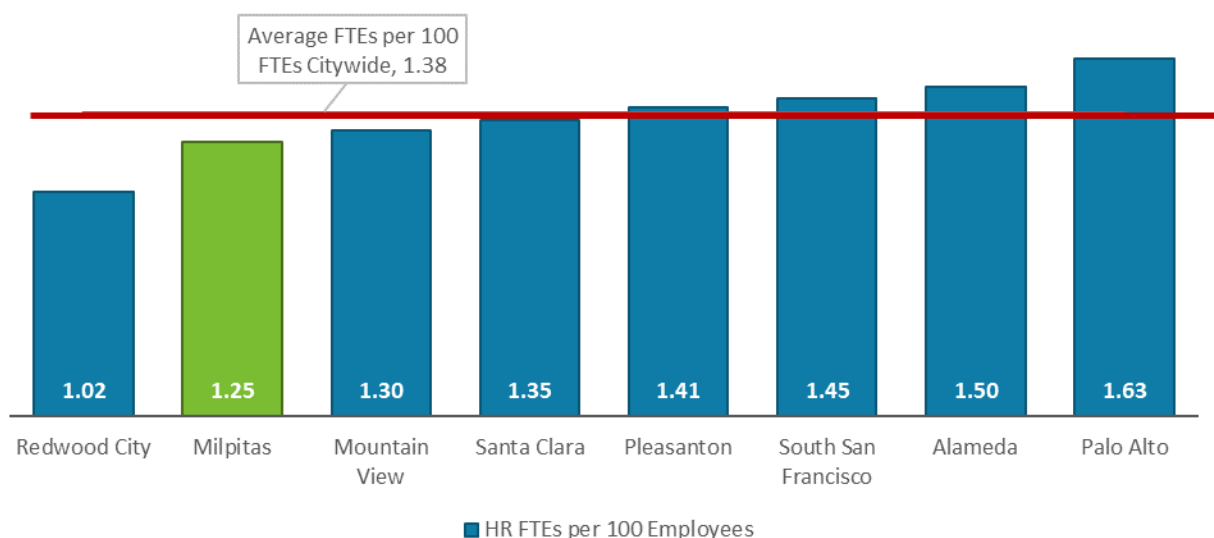


When compared the number of citywide FTEs that they primarily serve, Milpitas' Leadership and Support Services CSA is well-staffed in its Information Services and Finance Departments, but relatively understaffed in its Human Resources Department. Total staffing for Information Services (2.75 FTEs per 100 citywide FTEs) ranks third among the eight cities reviewed. Staffing in the Finance Department is in the middle of the distribution compared to peers, once adjusted for water utility metering and billing staff. Utility metering and billing are typically handled by other departments in peer cities that perform those functions internally. At 4.26 FTEs per 100 Citywide FTEs, Milpitas' Finance department is only about 6% higher staffing than the average of 4.0 FTEs.

At the other end of the spectrum, Milpitas' Human Resources Department staffing ranks seventh among the peer group with 1.25 FTEs per 100 citywide FTEs. However, its HR staffing only falls about 9% shy of the peer average of 1.38. The difference in HR between cities is relatively small, with staffing ranging slightly from 1.02 FTEs at the low end in Redwood City to 1.63 FTEs at the high end in Palo Alto. Notably, the demands for human resources support to address the City's 14% vacancy rate, reportedly strains these resources. Milpitas' HR staffing level relative to its peers is shown in Figure 8.



Figure 8. Human Resources FTEs per 100 Citywide FTEs, Milpitas and Peers



Community Services and Sustainable Infrastructure

The Community Services and Sustainable Infrastructure CSA includes Engineering; Public Works; and Recreation and Community Services. Milpitas is largely aligned with its peers in terms of functional responsibilities for each department within this CSA, although five out of the eight members of this peer group organize Engineering as a division within Public Works or distribute the functions the Engineering department carries out in Milpitas between Public Works and Community Development. The primary difference in roles and responsibilities among Recreation and Community Services Departments across peers is park maintenance. Milpitas and Pleasanton assign park maintenance functions to their Public Works Department, while Recreation is responsible for park maintenance in the other six cities.

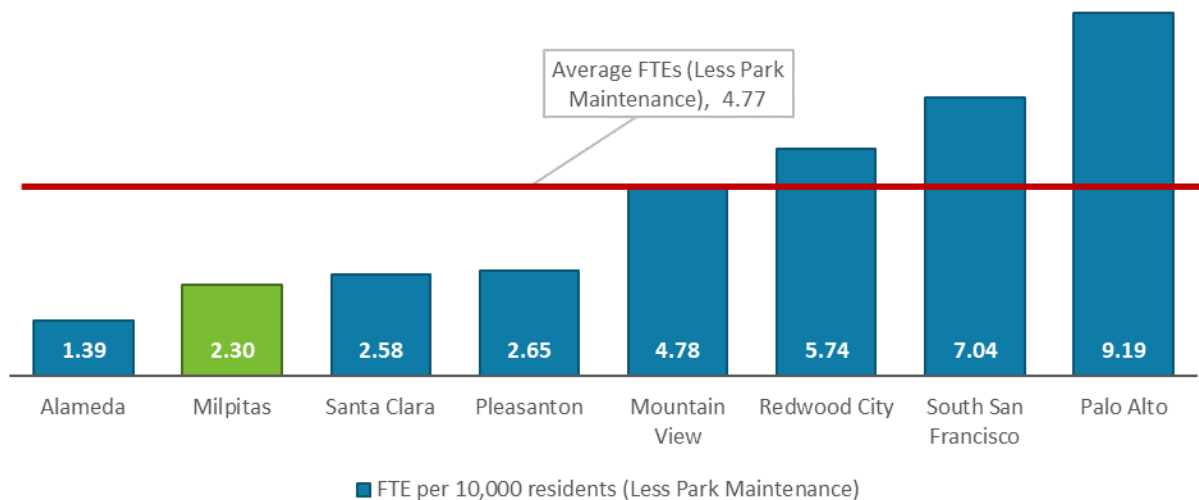
Given this difference in Recreation Department responsibilities, all park and park maintenance personnel were excluded from FTE totals for peer departments. Additionally, in order to ensure comparability between organizations, only permanent FTEs were tallied in this count. For example, Milpitas employs the equivalent of 18.0 permanent FTEs and 44.79 temporary FTEs. As in many jurisdictions, Milpitas augments the capacity of its Recreation Department with a significant number of temporary staff. While it is standard practice to use temporary staff (also known in other cities as hourly or seasonal), reporting the use of temporary staff is not standard across all cities.

In order to normalize FTE counts as much as possible, all hourly, temporary or seasonal staff were excluded from totals for Milpitas and its peer cities. For example, Palo Alto's Community Services Department functions are largely aligned with Milpitas' Recreation Department. Of Palo Alto's 128.33 FTEs in Community Services, this count excludes 50.56 temporary FTEs and 16.0 park maintenance FTEs for a total of 61.77 permanent, non-park maintenance FTEs. This process was repeated for other peers as needed.



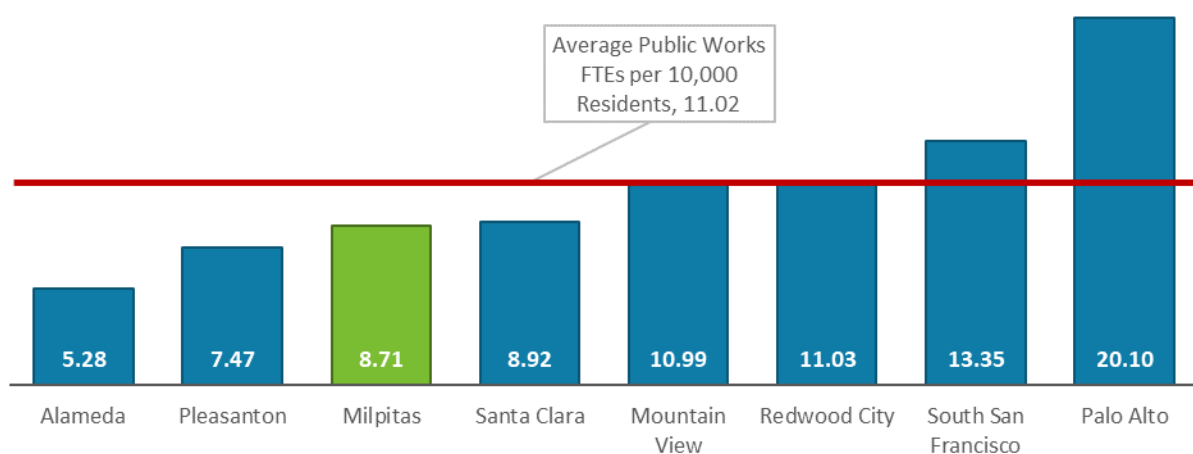
Milpitas employs 2.30 FTE Recreation and Community Services staff per 10,000 residents, placing it eighth of eight peers in Recreation and Community Services staff. This staffing level is about 2.47 FTEs or 52% lower than average. These comparable staffing levels are shown in Figure 9.

Figure 9. Recreation and Community Services FTEs per 10,000 Residents, Excluding Park Maintenance



As indicated above, Milpitas' peers typically place engineering functions and staffing within Public Works. Therefore, in preparing this analysis, we excluded those functions from the count of Public Works FTEs in peer cities. Based on this analysis Milpitas ranked sixth of eight, with 8.71 Public Works FTEs per 10,000 residents or 21% lower than the average of 11.02 FTEs. This comparison is shown in Figure 10.

Figure 10. Public Works FTEs per 10,000 Residents for Milpitas and its Peers (Excludes Engineering)

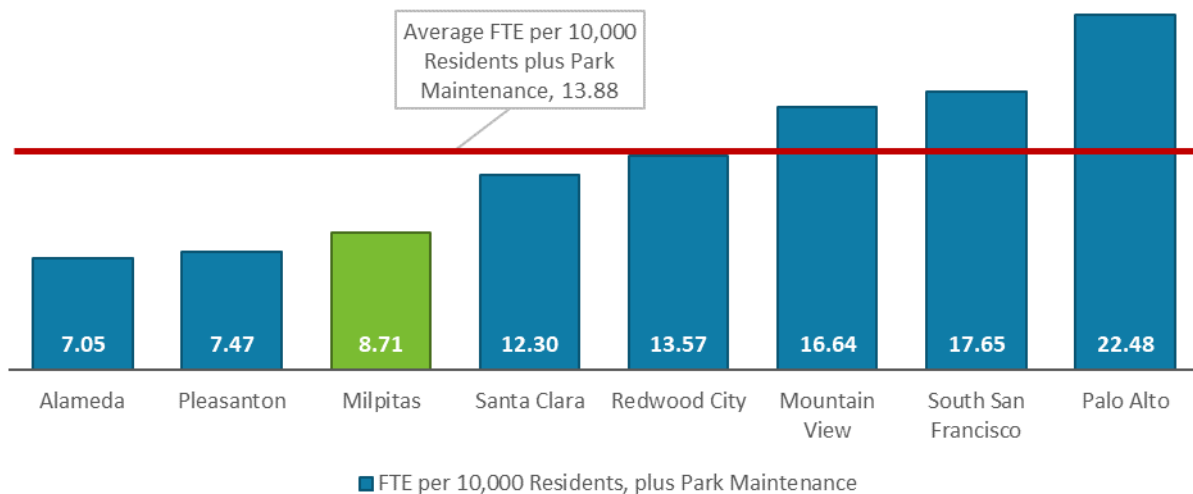


However, the above comparison is not perfect. In order to account for the park maintenance duties excluded from Recreation and Community Services, we added those park maintenance FTEs to the total counts for peer cities. Under this revised count, Milpitas' rank remains at sixth, but the peer



average rises to 13.88 FTEs per 10,000, or 37% higher than Milpitas' 8.71. This normalized comparison is shown in Figure 11.

Figure 11. Public Works FTEs per 10,000 Residents for Milpitas and its Peers, including Park Maintenance



Finally, within the Community Services and Sustainable Infrastructure CSA, the Engineering Department compares favorably to similar departments and divisions in other cities in terms of FTEs per 10,000 residents. Milpitas' Engineering department staffing ranks fourth among its peers, with 4.29 FTEs per 10,000 residents, versus a peer average of 4.72 FTEs.

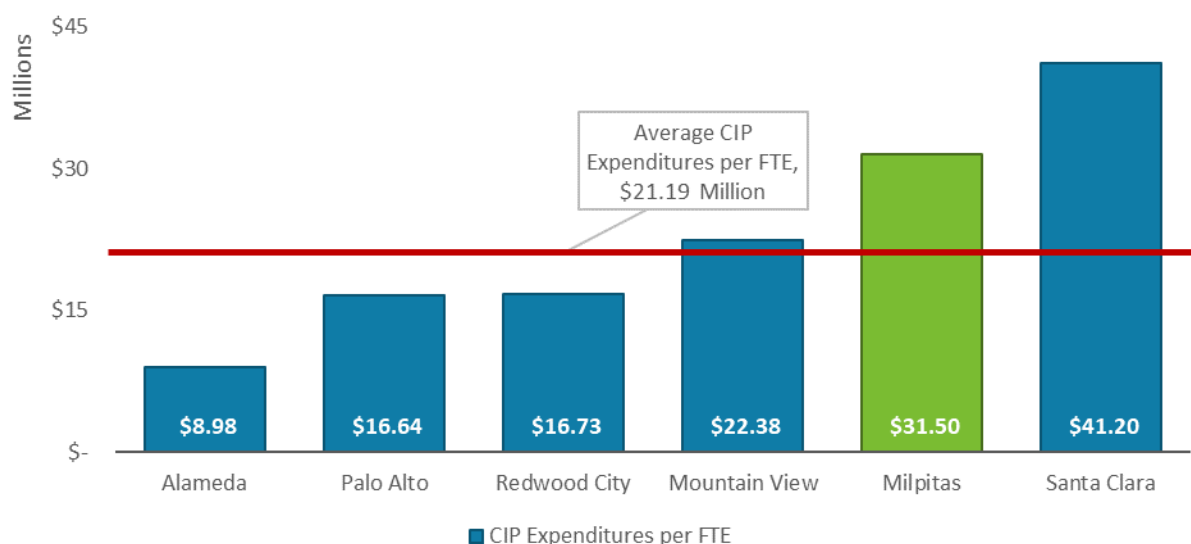
Given the nature of the Engineering function, a population-based comparison might not accurately reflect workload. Instead, our analysis focuses on Capital Improvement Program (CIP) staffing relative to CIP budgets, and assumes that level of investment is indicative of current and future workload. Typically, cities develop their CIP budgets over a five-year period, with funds allocated based on scheduled work.

However, comparing FTE staffing to CIP planned budgets requires making a modification to the peer selection. In order to accurately compare five-year CIP budget per FTE, we excluded Pleasanton, which most recently published a four-year CIP, and South San Francisco, as its publicly released budget only includes CIP expenditures through for 2018 through 2020.

Within this modified group of peers (Alameda, Mountain View, Palo Alto, Redwood City and Santa Clara), Milpitas ranks second in terms of planned CIP investment per FTE assigned to capital project design or construction. Milpitas has planned \$31.5 million in capital investment projects over the next five years per CIP engineer, approximately \$10.3 million, or 33%, greater than the peer average, and second only to Santa Clara's \$41.2 million. This implies a proportionally greater responsibility for CIP engineering staff in Milpitas as compared to Mountain View, Palo Alto, and Redwood City. Investment per CIP FTE is shown in Figure 12.



Figure 12. Average Five-Year CIP Investment per CIP Design and Construction FTE



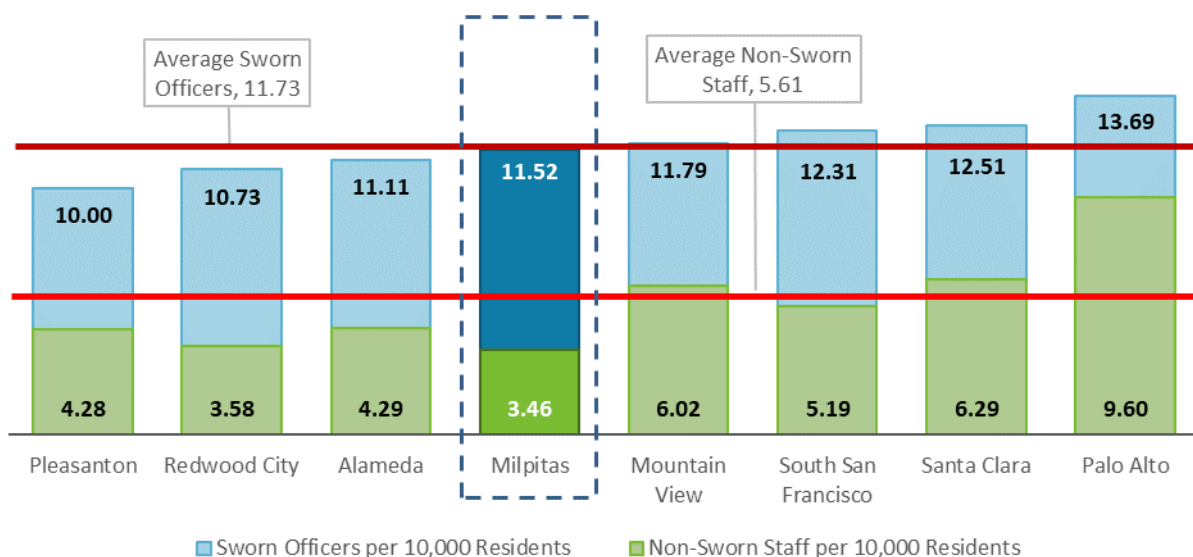
Public Safety

The Public Safety CSA includes the Milpitas Police and Fire Departments, both of which are on the lower end of staffing relative to population within this peer group. Overall, the Milpitas Police Department ranks sixth of eight in this peer group, with 14.98 FTEs per 10,000 residents. This is 13.6%, or 2.36 FTEs, fewer than the average of 17.34 FTEs. Only Pleasanton and Redwood City employ fewer FTEs in their police departments. The Milpitas Fire Department ranks seventh of eight in terms of overall staffing, at 9.35 FTEs per 10,000 residents, or 22.66% lower than the average of 12.08 FTEs. The only peer with fewer fire department staff is Pleasanton, with only 7.47 FTEs per 10,000. While positioned at the lower end of the peer rankings for Public Safety FTEs overall, Milpitas is the second-fastest growing city in California, and the value of new structures in the City has quadrupled since 2011. This growth has placed additional strain on understaffed Police and Fire Departments.

A more in-depth examination finds that Milpitas is very close to average in terms of sworn police officers. At 11.52 sworn officers per 10,000 residents, Milpitas' police force is less than 2% smaller than average. Instead, the lower overall ranking seems to be driven primarily by the relative lack of non-sworn police support staff. Milpitas' police support staffing is lowest in this peer group, at only 3.46 FTEs per 10,000 residents. That is 38.35% lower than the peer average of 5.61 FTEs. The relationship between sworn and non-sworn FTEs per 10,000 residents is shown in Figure 13.



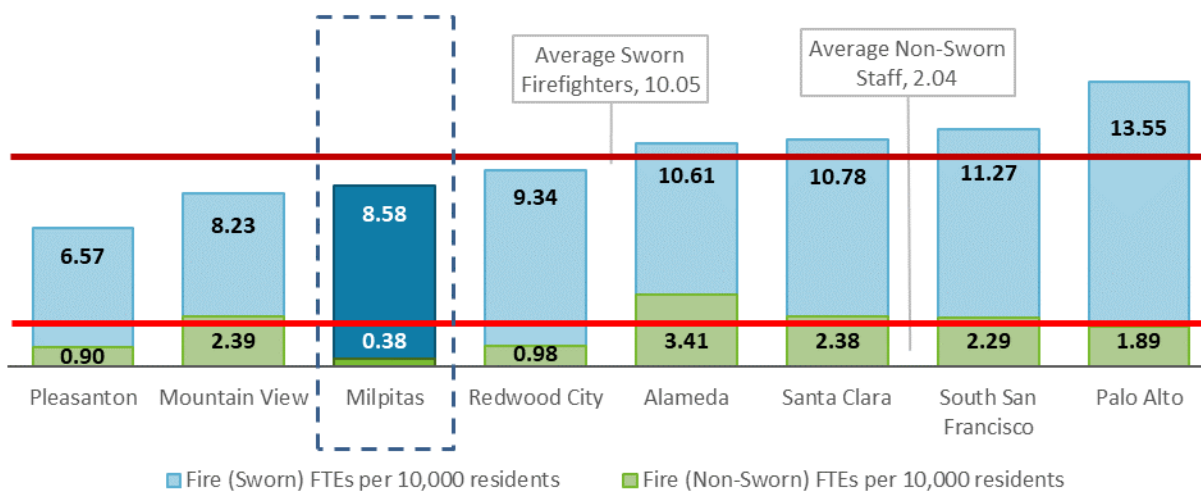
Figure 13. Sworn and Non-Sworn Police FTEs per 10,000 Residents, Milpitas and Peers



Given lower levels of non-sworn staffing, we can hypothesize that the Milpitas Police Department's analytical and administrative capacity would also be lower than average. Peer police departments, on average, employ 1.50 analyst FTEs and 2.29 administrative FTEs per 100 overall staff FTEs. Milpitas employs 0.65 fewer analyst and 0.58 fewer administrative FTEs than the peer average.

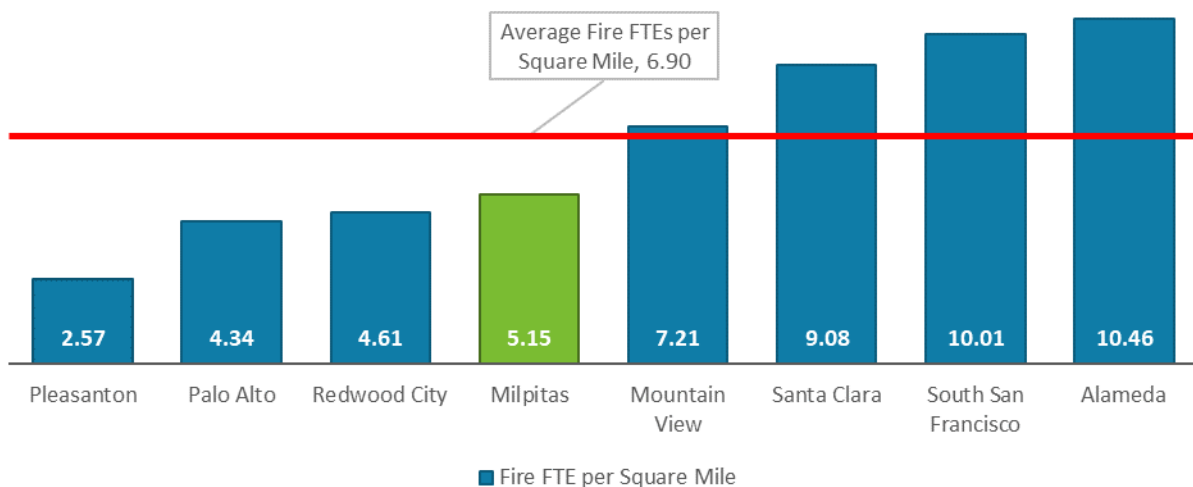
A similar staffing trend was observed for the Milpitas Fire Department, though to a greater degree, and with lower levels of both sworn and non-sworn FTEs. Milpitas employs 8.57 FTE sworn firefighters per 10,000 residents, placing it sixth of eight peers. The average among this peer group is 10.05 FTE firefighters per 10,000 residents. Milpitas' sworn firefighter staffing is 1.47, or 14.63%, FTEs fewer. Non-sworn staffing is the lowest in the peer group, at 0.38 per 10,000 residents. Milpitas' non-sworn fire department staffing level is 81.13% lower than the average of 2.04 non-sworn FTEs. This relationship is shown in Figure 14.

Figure 14. Sworn and Non-Sworn Fire Department FTEs per 10,000 Residents, Milpitas and Peers



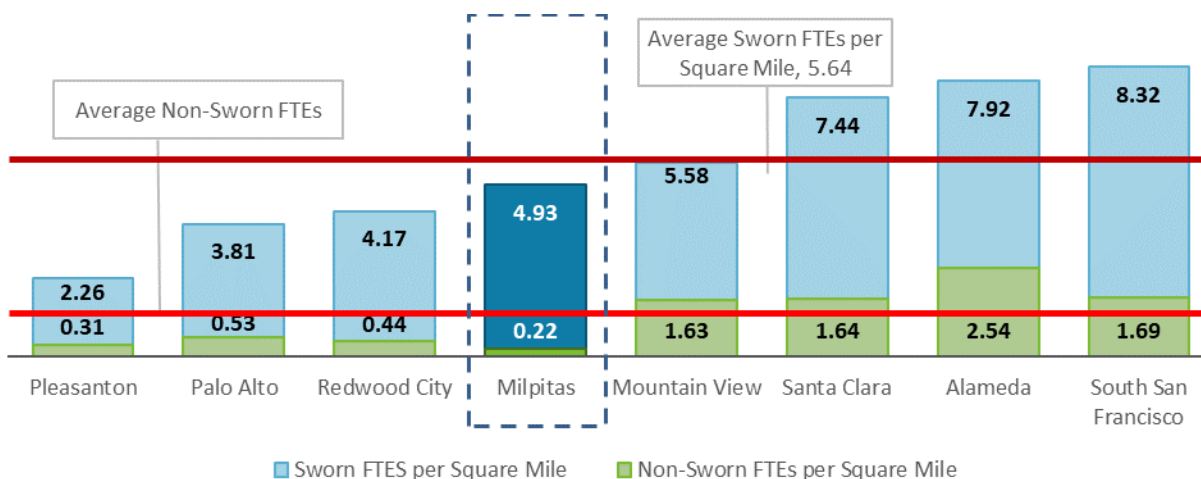
To approximate a measure for Fire Department response capacity, we calculated the number of Fire FTEs per square mile of land within city limits. Milpitas ranks fifth of eight on this measure. Milpitas' 5.15 FTEs per square mile is approximately 25% lower than the peer average of 6.9 FTEs per square mile. This ranking is shown in Figure 15.

Figure 15. Fire Department FTEs per Square Mile of Land Area, Milpitas and Peers



However, given that the Milpitas Fire Department has fewer non-sworn support staff than its peers, this does not paint the entire picture. In recalculating FTEs per square mile for sworn and non-sworn staff, Milpitas places much closer to the average in terms of sworn firefighter FTEs, falling short of the 5.64 FTE average by only 13%, or 0.71 FTEs. On the other hand, at 0.22 non-sworn staff per square mile, Milpitas ranks eighth of eight, with 1.03, or 82%, fewer non-sworn fire FTEs per square mile than the average of 1.25 FTEs. While it is the sworn firefighters that can perform fire suppression duties, having robust non-sworn support gives firefighters greater capacity to carry out those duties. These relationships are shown in Figure 16.

Figure 16. Sworn and Non-Sworn Fire FTEs per Square Mile, Milpitas and Peers



While the Milpitas Fire Department's analytical capacity is on-par with its peers, six of the eight cities compared employ one or fewer analysts in their Fire Departments. On the other hand,



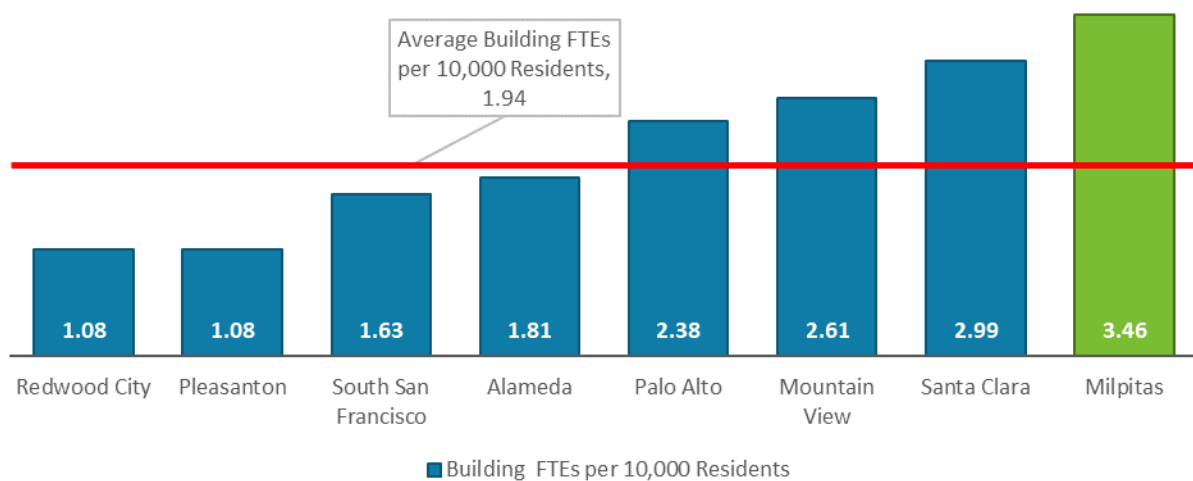
Milpitas' administrative capacity is relatively low. Peer organizations employ an average of 2.24 administrative FTEs per 100 fire department staff members. At 1.43 administrative FTEs per 100 fire FTEs, Milpitas ranks sixth of eight within this group of cities.

Community Development

The Community Development CSA includes the Planning and Neighborhood Services; the Building and Housing; and Economic Development Departments. Planning and Neighborhood Services and Economic Development are outside the scope of this review. Therefore, the analysis will focus on staffing within the Building and Housing Department. In December of 2018, as a result of a separate capacity review, the Building and Housing Department added nine additional FTEs: four Building Inspectors, two Plan Check Engineers, a Building Official, a Plan Review Manager, and an Administrative Analyst II. As a result of these changes to staffing, the Building and Housing Department stands out as having high staffing levels when compared to peers.

For this comparison, we have made a distinction between Building staff and the six FTEs in the department dedicated specifically to Housing. Where possible, our analysis made this distinction within peer cities as well. The average Building staffing among the selection of peer organizations is 1.94 FTEs per 10,000 residents. Milpitas, owing to a strong growth trend over the past few years and recent addition of positions to support this growth, has the highest level of Building staffing in this group, with 3.46 FTEs per 10,000 resident or 78.18% greater staffing than average. Building staff comparison is shown in Figure 17.

Figure 17. Building FTEs per 10,000 Residents for Milpitas and its Peers



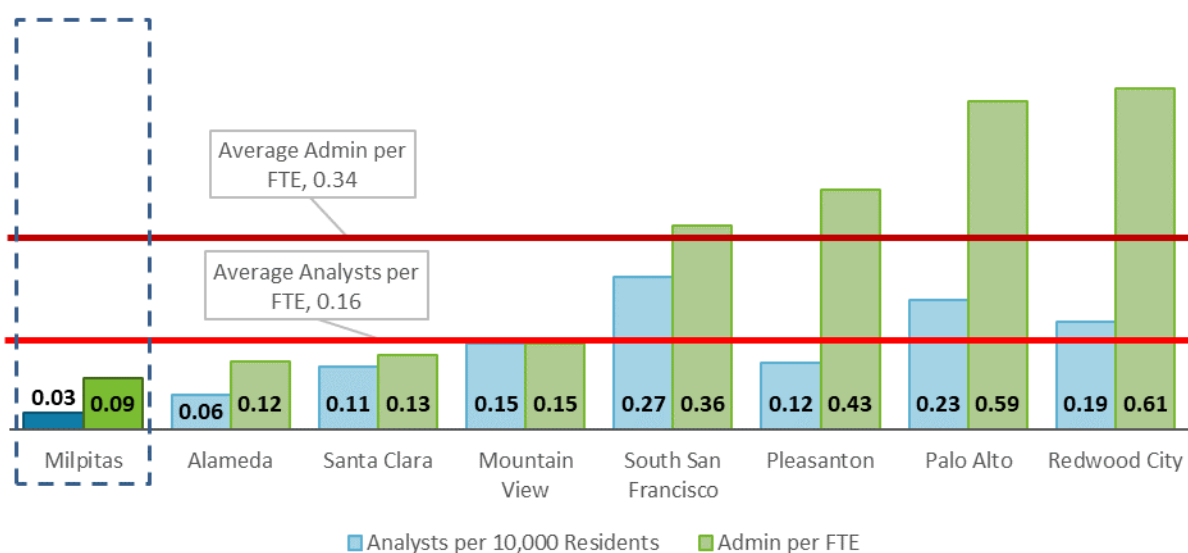
However, a comparison based on current population does not fully represent the staffing levels needed within the Building division. As with the Milpitas Fire Department, the City's significant growth in over the past decade, and especially the past three years, resulted in an urgent need for additional Building staff. Milpitas has been ranked as the fastest-growing city in the Bay Area, and eleventh fastest-growing nationwide. Yearly construction valuation in Milpitas has averaged \$607 million since FY 2015-16, double the \$294 million average construction valuation for the prior four-year period. Current construction valuation levels are four times higher than a decade ago.



Along with building, housing resides as a part of Milpitas's Community Development CSA. The alignment of this function with community development is inconsistent across the seven peer cities. Two of the seven peers, Palo Alto and South San Francisco, do not specific housing-specific staffing among their classifications or in their organizational structures. One additional peer, Pleasanton, incorporates housing as a function of the City Manager's Office. In Milpitas, housing has been placed as a division within the recently-reorganized Building and Housing Department. This division also includes residential code enforcement which accounts for most of the housing's division's 6.0 FTEs. Staff time dedicated to housing-specific functions such as inspection and Community Development Block Grant Housing Rehabilitation has been estimated at approximately 2.5 of the total 6.0 FTEs.

Although overall staffing levels for Building and Housing are relatively high, these divisions rank low in terms of analyst and administrative capacity. On average, Community Development departments employ 0.16 analysts per department FTE, which translates to about three analysts (2.85 FTEs) in this peer group. Milpitas, by contrast, employs one Administrative Analyst II (1.0 FTE) in Community Development, equivalent to 0.03 FTEs per department FTE. Administrative support tends to be higher among peers as well. Peer organizations employ 0.34 administrative FTEs per department FTE, or an average of 5.17 administrative staff in Community Development. Milpitas' Community Development CSA employs 3.0 administrative FTEs, but given relatively greater staffing in Building and Housing, this translates to only 0.09 FTE per overall department FTE. Figure 18 illustrates the differences in analytical and administrative capacity for Community Development.

Figure 18. Analyst and Administrative FTEs per Community Development FTE, Milpitas and Peers



Conclusion



The peer staffing comparison reveals gaps in staffing at the overall city level, the department level, and in the allocation, if not total number, of analytical and administrative roles. At the citywide level, comparison with a cohort of seven peers found that Milpitas has the second-lowest staffing levels per 10,000 residents and about 32% fewer FTEs per capita than its peers.

Given overall lower staffing, it should not be surprising that Milpitas ranks in the bottom half among its peers in staffing across nearly all city departments evaluated in this comparison. The exceptions are the Finance and Information Services departments, where staffing levels are at the average, and the Building department where staffing was recent increased by converting long-term temporary positions in the building department to permanent positions. This staffing changes in building were justified by sustained increases in local development.

Finally, analysts and administrative staff play an important role in effective service delivery. Milpitas' analyst and administrative staffing ranks at or near the bottom among the peer group. In addition, the allocation of these limited FTEs has left departments such as the City Manager's Office, Police, Fire, and Community Development with especially low levels of support relative to the city's peers. Milpitas should therefore focus not only on the number of FTEs throughout the city, but also on their allocation and whether they have the necessary support to carry out their core duties.





CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479

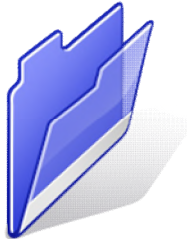
GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

01/29/2019

City Council Special Meeting – Budget Study Session



ATTACHMENT RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





City Council Special Meeting

Budget Study Session

Presentation

January 29, 2019

City of Milpitas

455 E. Calaveras Blvd., Milpitas, CA 95035
www.ci.milpitas.ca.gov • (408)-586-3000

Study Session Objectives

- Review status of FY 18-19 Budget and Significant Accomplishments and Workplan Items
- Seek Council feedback on items that will help inform the FY 19-20 Budget development
 - Community Engagement Plan
 - Service Level Expectations/Performance Measures
 - Approach to Fees and Charges
 - External Financing
 - Council Priorities



Agenda

- Review Council Priorities, FY 18-19 Budget and FY 19-20 Budget Process, including Community Engagement
- Review Service Level Expectations and Performance Measures
- Seek Council Direction on Approach to Fees and Charges
- Discuss External Financing Options for Infrastructure Projects
- Budget Calendar and Next Steps
- Seek Council feedback on any updates to Council Priorities
- Public Forum



A photograph of a modern, curved building with large glass windows and a balcony. In the foreground, there is a fountain with several water jets. The building is illuminated from within, and the sky is a pale blue. A white rectangular box with black text is overlaid on the middle of the image.

REVIEW COUNCIL PRIORITIES, FY 18-19 BUDGET, FY 19-20 BUDGET PROCESS

Background on Council Priorities

- Extensive Employee, Community and Council Engagement in late 2017/early 2018 to establish priorities
- Community and Employee Surveys Ranked 12 Priority Areas
- Top 5 Priorities identified at February 3, 2018 Council and Community Workshop
- Top 5 Priorities informed FY 18-19 Budget development



Current Council Priorities



A vertical list of five council priorities, each preceded by a colored circle and connected by a thin line. The priorities are: Public Safety (orange), Infrastructure and Community Facilities Maintenance (black), Transportation and Transit (yellow), Economic Development and Job Growth (blue), and Fiscal Responsibility (green).

Public Safety

Infrastructure and Community Facilities Maintenance

Transportation and Transit

Economic Development and Job Growth

Fiscal Responsibility



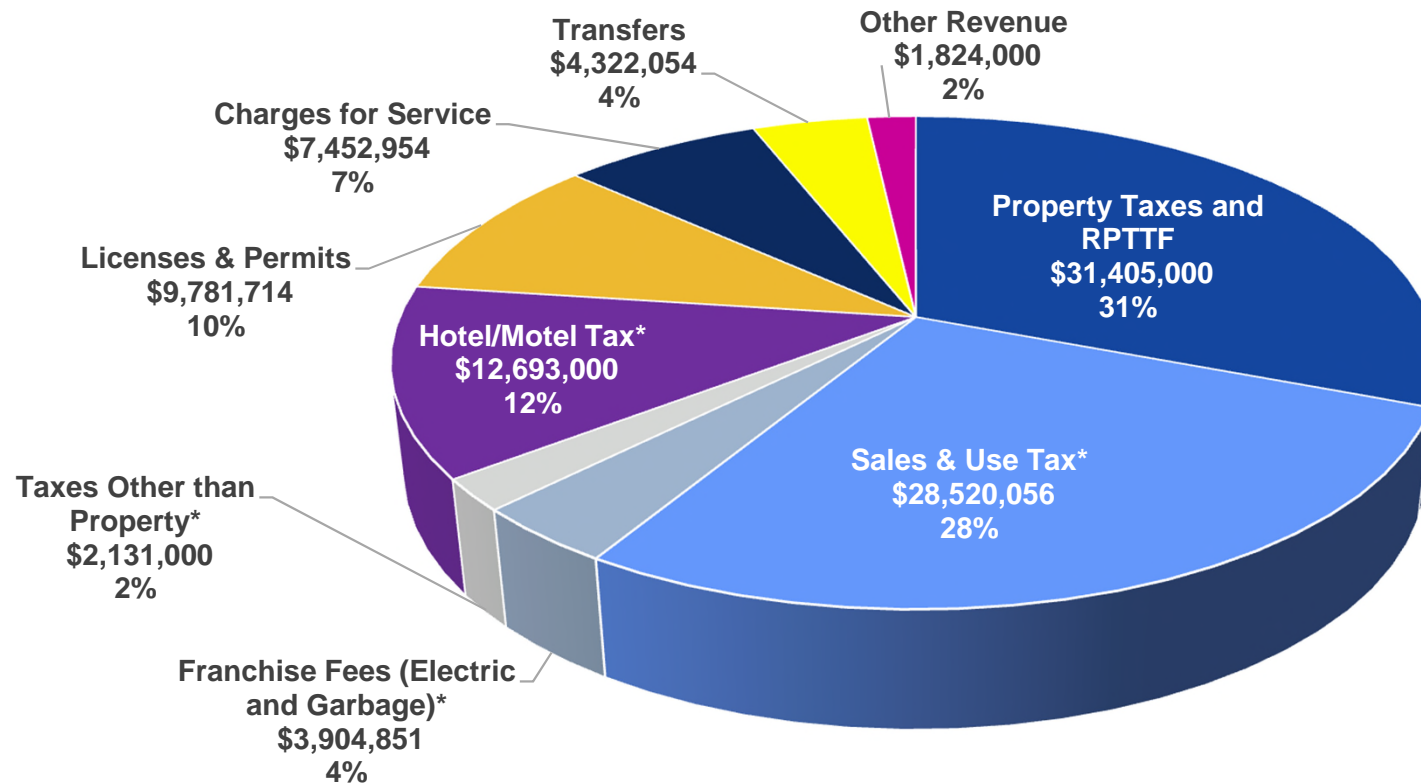
Other Priority Areas

- Arts and Culture
- Community Wellness and Open Space
- Customer Service/Community Connections
- Environment
- Neighborhoods and Housing
- Recreation, Senior-Oriented and Youth Oriented Programs
- Technology and Telecommunications



General Fund Revenue Sources

Adopted Budget FY 2018-19
\$102.0 Million Total



* Represents "Taxes Other than Property" of \$47,2448,07 per the FY 18-19 Adopted Budget Book
Note that General Fund includes Fund 102 (Measure I TOT Fund)



General Fund Financial Status

As Presented to Council on Dec. 4, 2018

FY 2018-19: Four Months ended October 31, 2018:

- **REVENUES:** approx. \$21.3 million YTD; 20.9% of FY 2018-19 Budget
- **EXPENDITURES:** approx. \$30.6 million YTD; 29.6% of FY 2018-19 Budget
- **KEY HIGHLIGHTS:**
 - Property Tax and Building Permit Fees exceeding budget estimates
 - Sales Tax expected to exceed budget estimates at year end
 - Most departments below budget estimates due to vacancies



Updated Five Year Forecast

As Presented to Council on Dec. 4, 2018

- **REVENUES:** Projected to increase by **\$7,998,600** over Five-Year Forecast period; avg. **\$1.6 million** annually
 - **EXPENDITURES:** Projected to increase by approx. **\$981,000** over Five-Year Forecast period, avg. **\$196,000** annually
 - Net expected increase to the General Fund Balance of approx. **\$7,017,411** over the Five-Year Forecast period, avg. **\$1.4 million** annually
- *Not yet factored in: TOT (hotel tax) rate increase, additional sales tax revenue from online retailers, Cost Allocation Plan (CAP) update, vacancy factor



Pending Budget Considerations

- **Additional Revenues/Savings:**

- TOT increase to 14%
- Online Retailers Sales Taxes(Quill/Wayfair Decision)
- Updated Fees and Charges, Franchise Fees
- Updated Property and Sales and Use Taxes
- Vacancy Savings

- **Decreased Revenues/Expenditures:**

- Unfunded Retiree Healthcare (OPEB) and Pension Liabilities
- Additional Staffing Requirements due to Growth
- Economic Downturn



Five Year Forecast

Opportunities	Threats
<ul style="list-style-type: none">• Continued growth and development• BART station opening in Fall 2019 (tentative)• Sales and Property taxes trending positively• Increased TOT tax revenue	<ul style="list-style-type: none">• Aging Infrastructure• Rising CalPERS pension and Retiree Healthcare (OPEB) costs• Next Economic Downturn

Updated Five Year Forecast will be presented as part of Mid-Year Budget Report on February 19, 2019



Pension Funding Gap

- CalPERS by the numbers:
 - In 2001, there were two active workers for every retiree
 - In 2016, there were 1.3 active employees for every retiree
 - It is projected that within the next 10-20 years, there will be 0.6 workers for every retiree
 - In 2017, approximately 68% funded



CalPERS Contribution Rates

- **Normal Cost (NC) Rate**

- Represents the annual cost of service accrual for the upcoming fiscal year, for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process.

- **Unfunded Accrued Liability (UAL)**

- Amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. UAL is billed monthly.

		Normal Cost		UAL Payments	
Valuation Date	FY Impact	Misc. Plans	Safety Plans	Misc. Plans	Safety Plans
6/30/2016	2018-19	0.25% - 0.75%	0.5% - 1.25%	2% - 3%	2% - 3%
6/30/2017	2019-20	0.5% - 1.5%	1.0% - 2.5%	4% - 6%	4% - 6%
6/30/2018	2020-21	1.0% - 3.0%	2.0% - 5.0%	10% - 15%	10% - 15%
6/30/2019	2021-22	1.0% - 3.0%	2.0% - 5.0%	15% - 20%	15% - 20%
6/30/2020	2022-23	1.0% - 3.0%	2.0% - 5.0%	20% - 25%	20% - 25%
6/30/2021	2023-24	1.0% - 3.0%	2.0% - 5.0%	25% - 30%	25% - 30%
6/30/2022	2024-25	1.0% - 3.0%	2.0% - 5.0%	30% - 40%	30% - 40%

Reserve Policies (General Fund)

- Emergency/Contingency Reserve (Target: 16.67% of operating expenditures)
- Budget Stabilization Reserve (Target: \$8.3 M)
- Equipment/Technology Reserve (Target: \$5 M)
- Storm Drain Replacement Reserve (Annual Target: \$500K)
- Facilities Reserve (Target: \$10 M)
- Artificial Turf Reserve (Target: \$2 M)
- CalPERS Stabilization Reserve (Target: \$186.7 M)
- OPEB (Required annual contribution)



Reserves (General Fund)

Reserve	Balance after 12/4/18 Phase I Adjustments	Recommended Long- Term Target	Variance Over/(Under)
#33 - Unassigned General Fund (target 16.67%)	\$29,605,249	\$17,305,470	\$12,299,779
#34 - Budget Stabilization	\$5,000,000	\$8,300,000	\$(3,300,000)
#43 – Technology Replacement	\$1,000,000	\$5,000,000	\$(4,000,000)
#44 – Facilities Replacement	\$2,500,000	\$10,000,000	\$(7,500,000)
#45 – Artificial Turf Replacement	\$1,000,000	\$2,000,000	\$(1,000,000)
Total	\$39,105,249	\$42,605,470	\$(3,500,221)



Reserves (General Fund)

Reserves and liabilities for pension and retiree healthcare costs

	Estimated Unfunded Liability (as of June 30, 2017)	Reserves Set Aside and/or Contributions to a Trust	Remaining Unfunded Liability	Percent Funded
Employee Pensions (CalPERS)	\$ 187,000,000	\$ 30,000,000	\$ (157,000,000)	16.0%
Retiree Healthcare Obligations (OPEB)	\$ 83,500,000	\$ 39,100,000	\$ (44,400,000)	46.8%
Total	\$ 270,500,000	\$ 69,100,000	\$ (201,400,000)	25.5%



Fiscal Considerations in Summary

- Modest growth in revenues over next 5 years (average rate of 2.4%)
- Fiscal challenges include rising CalPERS pension and retiree healthcare costs, aging infrastructure, and a future economic downturn
 - Prudent reserve policies to weather future economic downturn are critical
 - Plan to address unfunded pension and retiree healthcare obligations should be put in place
 - Revenue opportunities such as business tax modernization could be explored in future to maintain good fiscal health
 - Bond financing to address aging infrastructure



FY 19-20 Budget Process

- **January 29 Budget Kick Off with Council**
- Various Staffing and Fee Studies to be Presented to Council between February and April
- Ongoing Community Engagement from January-June
- Preliminary CIP Study Session in March
- Operating and CIP Budget Study Sessions in May
- Budget Adoption in June



A photograph of a modern, curved building with a large glass facade and a curved balcony. In the foreground, there is a fountain with several water jets. The building is illuminated with warm lights, and the sky is a soft, hazy blue.

REVIEW SERVICE LEVEL EXPECTATIONS AND PERFORMANCE MEASURES

City Service Areas (CSA)

Public Safety – Julie Edmonds-Mares lead

- Fire Department (Operations)
- Police Department

Community Services and Sustainable Infrastructure – Ashwini Kantik lead

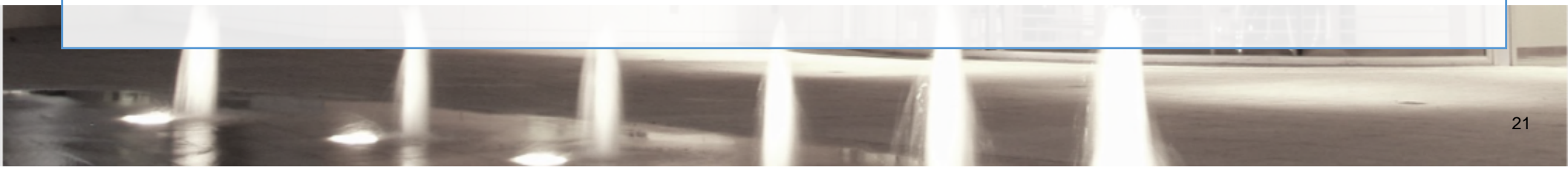
- Engineering (Solid Waste/Recycling and CIP)
- Public Works
- Recreation and Community Services

Community Development – Steve McHarris lead

- Building and Housing
- Economic Development
- Engineering (Land Development)
- Fire (Prevention)
- Planning

Leadership and Support Services – Ashwini Kantik lead

- City Manager
- City Clerk
- Finance
- Human Resources
- Information Services



Public Safety

Major accomplishments for FY 2018-19

- Purchased Medevac Emergency Rescue Vehicle
- Implemented Text to 9-1-1 to provide additional tool to report emergencies
- Reduced Robberies by 22% (calendar year)
- Replaced Fire Department response equipment, including a medic/ambulance, tractor drawn aerial truck, a reserve command vehicle and two fire engines
- Initiated an RFP for Fire Station 2 design and architectural planning
- Initiated a Fire Department Standards of Cover assessment which is a systematic way of analyzing risk, service delivery, deployment and performance of resources



Public Safety

Current Major Workplan Items

- Continue Research on CAD to CAD with BART Police to enhance interoperability with BART Police
- Law Enforcement Camera and License Plate Reader CIP
- Update Police Records Management System (RMS)
- Complete Police and Fire staffing analysis studies
- Complete assessment of Fire Station 1 with the goal of identifying long-term needs for potential expansion and maintenance of training facility
- Complete an assessment of ambulance utilization for the Medic/ambulance in an effort to enhance service delivery and potential revenue



Community Services and Sustainable Infrastructure

Major Accomplishments for FY 2018-19

- Per Council direction, re-launched Teen Programs and Teen Center Services
- Council approval of a Suicide Prevention Policy; established Task Force
- Completed Water and Sewer Rate Studies
- Initiated a RFP for an Energy Service Company
- Initiated implementation of new Asset Management system
- Completed 15 CIP projects, implementation of 15 projects underway
- Successfully negotiated to have BAAQMD lead a regional odor study



Community Services and Sustainable Infrastructure

Current Major Workplan Items

- Develop a Recreation Program Master Plan and Update Parks Master Plan
- Complete Urban Forest Management Plan
- Complete condition assessment for parks, playgrounds and City facilities
- Deliver 16 CIP projects
- Engage the Council and community to update the City's Climate Action Plan
- Continue to enhance annual recycling and source reduction programs to comply with state mandated diversion goals



Community Development

Major Accomplishments for FY 2018-19

- Initiated Accessory Dwelling Unit (ADU) and Short-term Rental (STR) Ordinances
- Per Council direction, initiated Tenant Protection Task Force
- Council approval of housing program and project considerations
- Completed ProjectDox (Electronic Plan Review) Implementation and Go Live
- Completed Affordable Housing Residential Inclusionary Fee & Commercial Linkage Fee community outreach



Community Development

Major Accomplishments for FY 2018-19

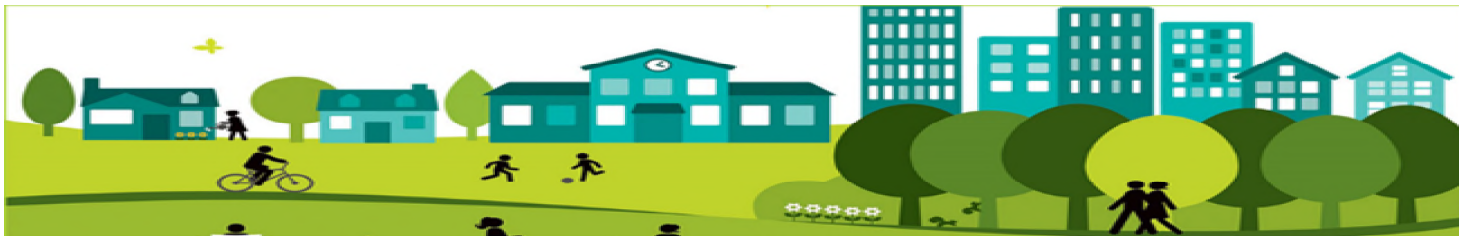
- Initiated Organizational Assessment, Service Delivery and Fee Study
- Initiated a monthly Community Development Roundtable
- Supported completion of Mabel Mattos Elementary School
- Completed 4 Corporate Visitation Program and 49 Small Business Outreach visits



Community Development

Major Workplan Items

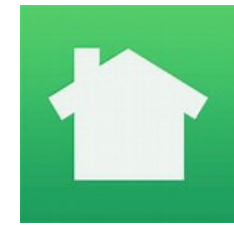
- Implement a Pines Pilot Parking Permit Program
- Initiate Parking & Shuttle Studies, BART Circulation Plan, Bike/Ped. Master Plan
- Complete Organizational Assessment, Service Delivery and Fee Study
- Complete 2040 General Plan Update w/ new Economic Development and Public Health elements; Mid-Town Specific Plan
- Council consideration of ADU and Short-term Rental Ordinances
- Partner with Santa Clara County on S. Main St. affordable housing project
- Complete Milpitas Blvd. Extension property acquisition
- Initiate TASP/EIR Update
- Initiate Economic Development Strategy



Leadership and Support Services

Major Accomplishments for FY 2018-19

- Implemented a new Agenda Management system
- Actively engaged with Census 2020 Committee
- Enhanced social media presence and successfully engaged the community on various key initiatives
- Conducted citywide PRA trainings
- Per Council direction , successfully led effort to increase TOT (Hotel Tax) from 10% to 14%
- Completed a citywide staffing analysis and Management Systems Review
- Led complex effort on Cannabis Regulations
- Filled 5 Executive Level positions, 47 total positions
- Implemented several technology upgrades to improve staff collaboration and delivery of services



Leadership and Support Services

Major Workplan Items

- Evaluate and implement best practices to meet OPEB and pension obligations; secure external financing for infrastructure projects
- Implement a CMMS system in Public Works and initiate a CIP database to provide status updates on projects to the community
- Initiate the development of a strategic plan for Information Services
- Upgrade key Enterprise Resource systems, transition to Office 365
- Establish a centralized contracts management database
- Develop a legislative process to ensure timely action
- Continue to improve Agenda Management and PRA processes
- Conduct a citywide Employee Pulse Survey; explore establishing a citywide training program



Community Engagement

Plan Overview

- Participative Budget Process with Community
- Target Audiences
 - Residents
 - Business community
 - Commissions
 - School District
 - Stakeholders
 - Non-profits/Volunteer organizations
- Various Community Meetings
 - Community Center
 - Milpitas Unified School District
 - City Hall

WE are A
COMMUNITY



Community Engagement

Engagement Tools

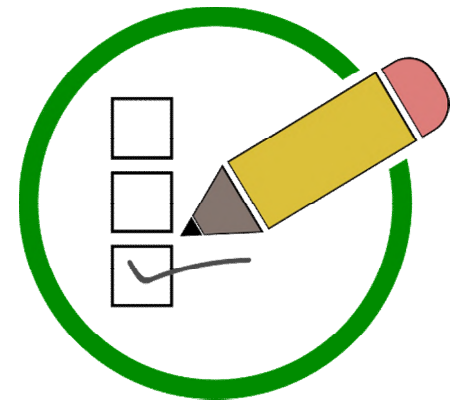
- Dedicated website at www.ci.Milpitas.ca.gov/budget
 - Posted in a way to allow easy translation into multiple languages
- Social media channels (Facebook, NextDoor, Twitter)
- Local government access, Channel 15
- Flyers and fact sheets available at City facilities and shared with stakeholders
- Press release(s) to local media outlets



Community Engagement

Community Survey

- Contracted with FM3 Research – Opinion, Research and Strategy
- Dual-mode – both online and via telephone
- Margin of Sampling Error less than 5%
- Telephone interviews conducted in multiple languages



Topline Community Survey Results

- FM3 conducted online and telephone survey in January
- Majority of people surveyed think the City is headed in the right direction; compares favorably to rest of Bay Area and West Coast, where that figure is more negative
- Three-quarters of the people surveyed rate quality of life as good overall, and majority approve of various city departments and activities
- Strong agreement that the City values diversity and that people are proud to live here
- Public safety is a top priority, and is also a City service most of the people surveyed are satisfied with



Topline Community Survey Results

- Affordability is a point of concern, as it is throughout the region
- Half of the people surveyed say the City is growing too quickly – just 1 in 10 say it's too slow
- Good ratings for customer service on every aspect among those who have contacted the City recently
- A more detailed presentation on the survey results will be made to Council on March 5, 2019

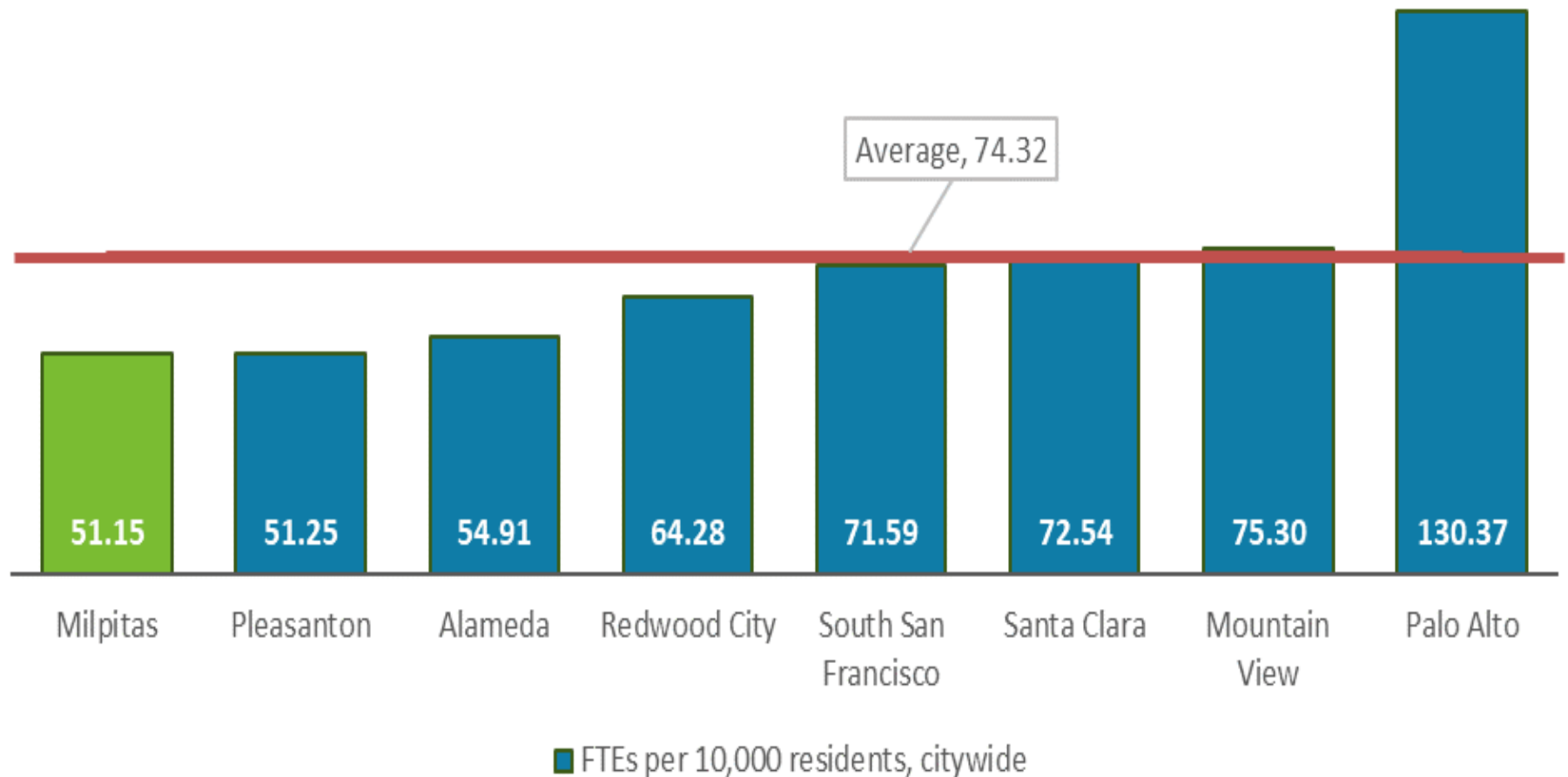


Citywide Staffing Analysis

- Management Partners completed a citywide staffing analysis
- Peers were selected based on location, population, size, median income, and services provided
- Key Findings for Milpitas
 - 32% fewer FTEs per capita than its peers (51.15 FTEs per 10,000 residents compared to 74.32 FTEs peer average)
 - Ranks in the bottom half among its peers across nearly all departments
 - Analyst and administrative staffing ranks at or near the bottom of the peer group
 - Lack of support staff results in inefficient use of sworn and other management staff



Citywide Staffing Analysis



Additional Staffing Analyses

- Police Staffing Analysis to be presented to Council in March
- Fire Staffing Analysis to be presented to Council in April
- Development Services Fee Study to be presented to Council in April



Service Level Expectations

- Community and Council expectations
- Align resources and levels of investment to expectations
- Track and measure performance to ensure desired outcomes are being achieved
 - **Outcome Measures** track the benefit received and shift the focus from activities to results
 - **Output Measures** denote activity and workload
- Existing Performance Measures are inconsistent across departments and are missing relevant data sources



Performance Measures

- Staff is recommending tracking both Outcome Based Performance Measures and Activity Based Workload Measures
- All Proposed Measures will:
 - Align with Council Priorities and Workplans
 - Denote Targets, Actuals, and Estimates for 3 consecutive fiscal years
 - Include relevant Data Sources



Council Discussion

1. Seek Council input on community engagement
2. Seek input on specific services in which Council would like to see more investment
3. Seek Council input on proposed approach to Performance Measures

(Council Priorities will be revisited at end of Presentation)



Service Level Expectations and Performance Measures

A photograph of a modern, curved building with a large glass facade and a curved balcony. In the foreground, there is a fountain with several water jets. The building is illuminated with warm lights, and the sky is a soft, hazy blue.

DISCUSS APPROACH TO FEES AND CHARGES

Current Fees and Charges

- Master Fee Schedule was last updated in 2010
- Some fees have been updated since but not consistent across departments
- Update is not linked to the Annual Budget process
- Fees are not aligned with cost recovery percentages in Municipal Code
- Fees are not based on actual cost of providing services, including direct and indirect costs



Fees and Charges (contd)

EXAMPLES FROM MUNICIPAL CODE

Service Area	Description	Percentage of cost for recovery
S-013	Building Plan Check	100
S-018	Fire Construction Inspection	100
S-032B	Use Permits	50-100
S-043	Parking Enforcement	100
S-045	Police False Alarm Response	75
S-046	Crossing Guard Service	0
S-067	Animal Control	25
S-070	Youth Sports Programs	50% of actual cost
S-101	Park Maintenance	0



Fees and Charges Example 1

- False Alarms (V-213-12.05 Muni Code - Res 7934 7/8/95)
 - No fee for the first three false alarms at same premise within any one-year period
 - A service charge is assessed each subsequent false alarm
 - 4th time - \$50 5th time - \$100 6th+ time - \$250
 - Every 9-1-1 call is responded to regardless of false alarm history
 - 75% cost recovery target per Municipal Code



Fees and Charges Example 2

- Senior Center Membership
- Annual fee of \$12 residents/\$30 non-residents; 25% Cost Recovery per Municipal Code
 - Annual Costs: \$947,470; Current Cost Recovery at 2%
 - Annual Fee @ 25% cost recovery target could be up to \$121
 - Annual Fee @ 100% cost recovery target could be up to \$483

* Numbers based on average annual membership of 1,963 people; 75% residents and 25% non-residents



Proposed Approach

- Calculate Full Cost of Service (direct and indirect)
- Identify Level of Benefit
 - Public
 - Merit
 - Private
- Develop Guiding Principles based on Level of Benefit
- Determine Cost Recovery Goals
- Ensure Affordable Access, consider phasing
- Shift from Municipal Code and incorporate into Annual Budget process



Council Discussion and Exercise

1. Interactive exercise on cost recovery goals
2. Seek Council feedback on proposed approach for updating Fees and Charges



Fees and Charges

A photograph of a modern, curved building with large glass windows and a balcony. In the foreground, there is a fountain with several water jets. The building is illuminated from within, and the sky is a pale blue. The text "DISCUSS EXTERNAL FINANCING OPTIONS FOR INFRASTRUCTURE PROJECTS" is overlaid in a white box in the center of the image.

DISCUSS EXTERNAL FINANCING OPTIONS FOR INFRASTRUCTURE PROJECTS



City of Milpitas

EXTERNAL FUNDING OPTIONS FOR INFRASTRUCTURE PROJECTS

January 29, 2019

**Presented by James Fabian, the
City's Municipal Advisor a Principal
at Fieldman, Rolapp & Associates**



1. Overview of Municipal Bonds



Why Do Municipalities Issue Bonds?

- To pay for relatively large infrastructure projects in order to spread costs over current and future users to ensure intergenerational equity
- Long-term bonds may not be used to finance operations or maintenance



Certain Restrictions on Debt in California

- **Unless an issuer meets an exception to the State Constitutional debt limitation, it must get voter approval to issue bonds**
- **Exceptions to the State's debt limitations have been recognized by California Courts and have been widely used in California for a number of years**

Lease Revenue Bonds/Certificates of Participation

Utility Funds/Other Special Funds with own Funding Source from Users
Example: Water or Sewer Revenue Bonds or Water or Sewer Certificates of Participation, Golf Course Certificates of Participation





2. Types of Municipal Bonds



General Obligation Bonds

- Secured by a levy on property tax bill
- Not commonly used by Cities due to voter approval threshold
- Not used to fund improvements to utility infrastructure due to Prop. 218 requirements on property related fees that users of a service pay for their own proportionate cost (no cross subsidizing of users)



Lease Revenue Bonds/Certificates of Participation (“COPs”) Very Common Among Municipalities

- Form of municipal borrowing **not considered debt**, and is backed by the General Fund based on a city’s power to enter into long term leases and to purchase property
 - No voter approval required



Upcoming Plans

- As has been discussed recently with the Council, the proposed new rate plan contemplates the Sewer Utility issuing bonds to finance Milpitas' share of the San Jose/Santa Clara Treatment Plant upgrades.
 - \$20 million bond in Fiscal Year 2019-20
 - \$15 million bond in Fiscal Year 2020-21
- Also as discussed, the proposed new rate plan contemplates the Water Utility issuing bonds to finance deferred infrastructure needs.
 - \$20 million bond in Fiscal Year 2019-20



Prior Bond Issuances

- Milpitas issued Sewer Certificates of Participation in 2006
Those bonds have since been called/paid off with the proceeds of the 2017 bonds
- Milpitas issued a Wastewater Revenue Bond in 2017



Land Secured Financing Mechanisms

- Assessment Districts (ADs) on property tax bills
- Community Facilities Districts (CFDs, or Mello-Roos Districts) on property tax bills
 - Often used for new developments to pay for new infrastructure
- New Tax Increment Tools not Widely used by Cities:
 - Enhanced Infrastructure Financing Districts (EIFDs)
 - Community Revitalization and Investment Authorities (CRIAs)



EIFD Taxing Entities' Agreement and Voter Approval Requirements

- EIFDs can collect property tax increment from cities, counties and special districts that **voluntarily** agree to contribute those funds (but not from school districts)
- Bonds issued by EIFDs require a 55% voter approval



Examples of IFDs/EIFD's/CRIAs

- San Diego Otay Mesa EIFD
- West Sacramento EIFD
- Treasure Island
- San Francisco Port Pier 70
 - The latter two San Francisco projects included concurrent funding from a Community Facilities District, CFD





3. Conclusions



Conclusion

- U.S. municipal bond market is large and well-established
- Municipal bonds are a useful and cost-effective method to raise capital for infrastructure projects
- Certificates of Participation and Lease Revenue Bonds are widely used by municipalities in California
- Is important to make sure that both the debt service as well as the operating costs are affordable
- Hire a strong team of qualified financial professionals to assist you in developing a creditworthy and cost-effective structure



Council Discussion

1. Discuss staff recommendations on external financing options for utility infrastructure
2. Receive direction on exploration of other financing options for other priority investment areas



EXTERNAL FINANCING OPTIONS

The image shows a modern building with a curved facade and a fountain in the foreground. The building has a curved facade with a series of windows and a balcony. The fountain in the foreground has several jets of water. The text "BUDGET CALENDAR" is overlaid on the image.

BUDGET CALENDAR

Budget Calendar (1 of 2)

Date	Event/Milestone	Description
February 19, 2019	Council Meeting	Phase II Mid-Year Budget Adjustments and Updated 5-Year Forecast Present OPEB and Pension Liabilities Plan
March 5, 2019	Council Meeting	Present results of community engagement Present Police department staffing analysis
March 12, 2019	Council Study Session	Discuss proposed 5 year CIP
March 19, 2019	Council Meeting	Review draft Development Services Fee Study
April 2, 2019	Council Meeting	1) Proposed 5 Year CIP released 2) Discuss Fire department staffing analysis
April 10, 2019	Finance Subcommittee	Review Proposed 5 Year CIP
April 16, 2019	Council Meeting	Review Development Services Fee Study and Master Fee Schedule

Budget Calendar (2 of 2)

Date	Event/Milestone	Description
April 23, 2019	Council Study Session	TBD
April 24, 2019	Planning Commission Meeting	Review of draft CIP for General Plan conformance
April 30, 2019	Council Meeting	Adoption of Master Fee Schedule
May 1, 2019	Proposed Operating Budget and Gann Limit Factors released	
May 6, 2019	PRCRC Meeting	Review of parks in draft CIP
May 8, 2019	Finance Subcommittee Meeting	Discuss Proposed Operating Budget
May 14, 2019	Council Study Session	Discuss Proposed Operating and CIP Budgets
June 4, 2019	Council Meeting	Public Hearing and Adoption of Proposed Operating and CIP Budgets

The image shows a modern, curved building with a glass facade and a fountain in the foreground. The building has a curved, cylindrical shape with a glass facade that reflects the surrounding environment. The interior of the building is visible through the glass, showing a staircase and other architectural details. The fountain in the foreground has several water jets spraying upwards. The overall scene is captured in a warm, golden-hour light, suggesting sunset or sunrise. A semi-transparent white banner is overlaid across the middle of the image, containing the text "COUNCIL PRIORITIES".

COUNCIL PRIORITIES

Current Council Priorities



A vertical list of five council priorities, each preceded by a colored circle and connected by a thin line. The priorities are: Public Safety (orange), Infrastructure and Community Facilities Maintenance (black), Transportation and Transit (yellow), Economic Development and Job Growth (blue), and Fiscal Responsibility (green).

Public Safety

Infrastructure and Community Facilities Maintenance

Transportation and Transit

Economic Development and Job Growth

Fiscal Responsibility

Other Priority Areas

- Arts and Culture
- Community Wellness and Open Space
- Customer Service/Community Connections
- Environment
- Neighborhoods and Housing
- Recreation, Senior-Oriented and Youth Oriented Programs
- Technology and Telecommunications



Topline Community Survey Results

- FM3 conducted online and telephone survey in January
- Majority of people surveyed think the City is headed in the right direction; compares favorably to rest of Bay Area and West Coast, where that figure is more negative
- Three-quarters of the people surveyed rate quality of life as good overall, and majority approve of various city departments and activities
- Strong agreement that the City values diversity and that people are proud to live here
- Public safety is a top priority, and is also a City service most of the people surveyed are satisfied with



Topline Community Survey Results

- Affordability is a point of concern, as it is throughout the region
- Half of the people surveyed say the City is growing too quickly – just 1 in 10 say it's too slow
- Good ratings for customer service on every aspect among those who have contacted the City recently
- A more detailed presentation on the survey results will be made to Council on March 5, 2019



Council Discussion

1. Interactive exercise to seek Council feedback on any changes to current Council Priorities



Council Priorities

The image shows a modern, curved building with a glass facade and a fountain in the foreground. The building has a curved, cylindrical shape with a glass facade that reflects the surrounding environment. The interior of the building is visible through the glass, showing a multi-level structure with a staircase and various rooms. The fountain in the foreground consists of several water jets of varying heights, creating a dynamic and lively scene. The overall atmosphere is one of a modern, public space.

PUBLIC FORUM

A photograph of the City of Milpitas building at dusk. The building is a modern, curved structure with large glass windows and a curved walkway on the upper level. In the foreground, there is a fountain with several water jets. The sky is dark, and the building's interior lights are visible through the glass.

City of Milpitas

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